

Sustainability Report 2021

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Dear Readers

We are proud to introduce the first Sustainability Report published by the PharmaNutra Group. This is a fundamental step, which clarifies the company's responsibility towards its stakeholders, the community and the territory in which it is rooted. PharmaNutra has always employed the principles of transparency, innovation and continuous growth, in both scientific and human terms. For these reasons, rather than a balance sheet, this document is a starting point and an exhortation to even greater commitment, over both the short and long term.

The desire to illustrate our operations in a Sustainability Report was born in 2020, immediately after the first COVID-19 emergency, because we became convinced that we had to define new standards, rules and lifestyles, starting with our everyday reality, which is our life in the company. First and foremost, health must be the focus of our progress, and this is guided by our ethical commitment to scientific information: hence our pledge to support research and education through every means. But the pandemic has also shown us the value of the people who make up a company. The resilience, flexibility and determination shown by our employees and partners in conducting business, even in times of the greatest difficulty and uncertainty, has led us to reflect on the role of the company as a creator of professional, personal and social well-being.

What is PharmaNutra doing to meet these needs? What is our plan of action to improve our impact and the impact of our operations on the entire value chain? These questions are answered in the following pages, and they are all an expression of our strong desire to be actors and promoters of change in the worlds of science and business, as well as the territory in which we operate.

The Sustainability Report is a written pledge, to be realised as early as next year with the inauguration of the Group's new headquarters, a cutting-edge, low-impact project that will bring together our offices, research centre and production hub under one roof, to enact our commitment to environmental sustainability, the redevelopment of the local area, and well-being in the workplace.

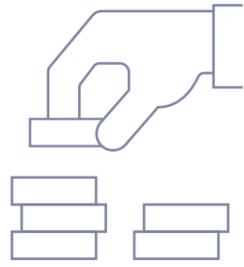
We therefore invite you to read and share this document and its contents, certain that you will support our commitment and values with confidence and pride, as you have supported our solutions and technologies over the past 20 years.

Best regards,



Andrea and Roberto Lacorte
Founders, PharmaNutra S.p.A.

Shareholders' letter
to the stakeholders



+531%

Market Cap* (vs. Listing July 2017)

53,6%

SiderAL® market share in Italy
(source IQVIA)

+15,9%

CAGR consolidated turnover
2017-2021



10th

Ranked in the national
nutraceutical market

(Source IQVIA, 2020*)

61



countries worldwide reached

41

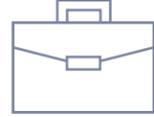


business partners



66

employees
in Italy

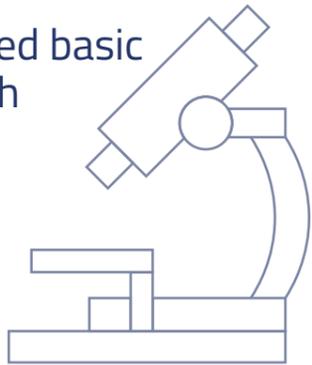


167

Pharmaceutical Sales
Representatives
nationwide

135

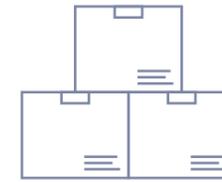
published basic
research
papers
and
clinical
trials



more than 20

sports bodies supported
with sponsorships
and medical partnerships

35



products in our portfolio

19



proprietary patents

39

registered
trademarks

18

proprietary raw
materials

* Total Nutraceutical Market (PharmaNutra+Junia Pharma) by value

01

PHARMANUTRA

JUNVIA PHARM

ALZESCO

About us

The PharmaNutra Group (the "Group") is a group of Italian companies based in Pisa, specialising in the pharmaceutical and nutraceutical sector. The Group is composed of PharmaNutra S.p.A. ("PharmaNutra", the "Company" or "Parent Company") and its subsidiaries Junia Pharma S.r.l. ("Junia Pharma") and Alesco S.r.l. ("Alesco").

PharmaNutra holds 100% of Junia Pharma and Alesco



PharmaNutra

Founded in 2003, PharmaNutra is a nutraceutical and pharmaceutical company dedicated to the development of innovative, effective and safe nutritional supplements and medical devices.

Junia Pharma

Founded in 2010, Junia Pharma is focused on the development and commercialisation of medical devices and nutritional supplements for paediatrics.

Alesco

Founded in 2000, Alesco specialises in the research, development and distribution of raw materials, active and functional ingredients for the B2B sector.

1.1 History



The PharmaNutra Group was founded by two brothers, Andrea and Roberto Lacorte who, in the early 2000s, decided to pool their scientific and commercial know-how to change the way people approach health and wellness.

Alesco was founded in 2000 with the aim of becoming a leader in the nutraceutical market for the high scientific value of the raw materials it distributes. Thanks to its continuous investment in R&D, Alesco's active ingredients are today considered among the most effective on the market, and are also used in the pharmaceuticals, food and cosmetics industries.

PharmaNutra was founded in 2003 with the objective of developing innovative nutritional supplements and medical devices, itself handling the entire production process, from the development of proprietary raw materials to the distribution of the finished product.

In 2010, the Group set up Junia Pharma, a company specialising in the development and distribution of medicines, medical devices, OTCs and nutritional supplements for paediatrics, to respond to the ever-increasing health demands of children. Thanks to its constant attention to the needs of children and the quality and safety of its products, Junia Pharma is now present in both Italy and many foreign countries, and is a point of reference for healthcare professionals and families.

Its continuous investment in R&D has led to the development of innovative patented technologies, such as the Sucrosomial® Technology, thanks to which the Group quickly established itself as a leader in the production of iron-based nutritional supplements under the brand name SiderAL®, and Cetilar® r.m., a complex of highly concentrated Cetylated Fatty Acids (CFA) which, under the brand name Cetilar®, is considered one of the top emerging players in the field of medical devices for the restoration of joint capacity.

Today, the PharmaNutra Group is a leading Italian company in the pharmaceutical and nutraceutical sector.



1.1.2 PharmaNutra Group Values

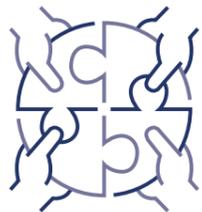
PharmaNutra has always been, and will continue to be, founded on three fundamental elements: **people**, the protection of **intellectual property**, and **continuous improvement**. The Group believes that the concepts of ethics, responsibility, research, innovation and respect for the people around are both concrete, profound and relevant. It is these concepts that guide our way of doing business; the pillars on which the founders have built, with commitment, determination and a pinch of healthy madness, a company that today is recognised as an Italian excellence:



Compliance with Italian regulations and national regulations in any country in which our clients operate.



Transparency vis-à-vis all stakeholders, i.e. all individuals, groups and institutions whose interests are directly or indirectly impacted by the company's operations.



Responsibility towards the community which, even indirectly, may be influenced in its economic and social development by the Group's operations.



Protection of health and safety, physical and moral integrity, and **workers' rights**.



Respect for employees and a commitment to growing their professional skills.



Rejection of any conduct that, while intended to achieve a result in line with the companies' interests, has aspects that are not compatible with the principles of its Code of Ethics and its **commitment to comply with regulations**, as well as the companies' rules of conduct and procedures.



Protection and preservation of the environment in all its components, the atmosphere, water, soil and subsoil, flora, fauna and ecosystems.

PharmaNutra Group's Code of Ethics - Our customers', partners' and stakeholders' trust in us is the Group's most valuable asset. We are therefore all called to renew this trust every day with correct and upright behaviour, also based on everyone's knowledge of and respect for our internal rules and legal regulations. To this end, the PharmaNutra Group, committed to the constant pursuit of excellence, has deemed it appropriate to formalise the ethical principles and rules of conduct aimed at pursuing full compliance with the founding values of business ethics, within a corporate culture that considers compliance with the law and the principle of legality as essential elements.

1.1.3 The PharmaNutra market

The PharmaNutra Group's distribution and sales model is composed of two main Business Lines:

Direct Business Line (BL1): characterised by our direct presence in the markets in which the Group operates, it characterises both PharmaNutra and Junia Pharma.

The rationale behind this model is to ensure complete control of the territory through an organisational structure of 167 Pharmaceutical Sales Representatives as of 31 December 2021, who, with their sales and scientific information activities, ensure full control of all players in the distribution chain: hospital doctors, outpatient doctors, pharmacies (including hospital pharmacies), conveying reliability, scientific value and product quality.

PharmaNutra's sales network is divided into two distinct lines: **Primary Care** and **Supportive Care**, each headed up by a manager who reports directly to the Sales Management office.

The main aim of this organisation is to achieve more effective sales activity of the Pharmaceutical Sales Representatives by focussing on medical targets and product portfolio management.

The **Primary Care Line** is mainly concerned with local doctors and pharmacies, and the main brand in its product list is Cetilar®, in its various formulations.

The **Supportive Care Line** works mainly in the hospital sector, and the main product in its portfolio is SiderAL Forte®.

The clients of the Direct Business Line include pharmacies, parapharmacies, rehabilitation centres (Direct Orders) and wholesalers. The tenders relate to sales made to public authorities through the subsidiary Junia Pharma.

Indirect Business Line (BL2): this business model is common to all three Group companies and is mainly applied in foreign markets. It consists in marketing finished products (PharmaNutra and Junia Pharma) and raw materials (Alesco) via local partners, who have exclusive, multi-year distribution agreements to distribute and sell the products in their respective markets.

Company management directly identifies and selects international partners and negotiates distribution contracts, with the support of an agent dedicated exclusively to the development and management of relations with foreign clients.

The two types of distribution mentioned above are complementary, as on the one hand they allow for complete management of the distribution and marketing process in Italy, and on the other hand they guarantee the quickest and widest territorial coverage, which is only made possible by a select network of distribution partners.

PharmaNutra has been present in foreign markets since 2013. The Group's products are currently available in 61 countries worldwide, including Europe, Asia, Africa and the Americas, via a network of 41 carefully selected business partners.

	COUNTRIES	PARTNERS
Active sales	52	34
Registered	9	7
Contracts	61	41
Under negotiation	6	6



CONTRACTS STIPULATED



NET REVENUE BY BUSINESS LINE



NUMBER OF COUNTRIES PERCENTAGE OF TURNOVER



Consolidated revenue as of 31 December 2021 was € 68.1 million, an increase of 20.7% over 31 December 2020 (€ 56.4 million).

1.1.4 Business Model

The Group has the know-how to manage all stages of the production process from the design, formulation and registration of a new product, to marketing and sales, and even training of sales representatives. The Group markets unique and innovative products by handling the entire production process from raw materials to finished product (including outsourcing). It directly handles the distribution, promotion and sale of all products in its portfolio.

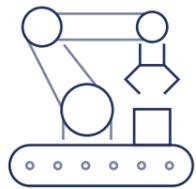
The Group’s primary activities, which add value to the company’s product, are as follows:

PharmaNutra Group VALUE CHAIN



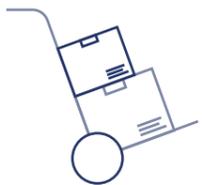
PharmaNutra Group
R&D activities

**BASIC RESEARCH
FORMULATION
COMPLIANCE / PRE-MARKETING TESTING**



Production
workshops

PRODUCTION



Logistics

DISTRIBUTION



“Innovation, scientific expertise and the defence of intellectual property” - the Group’s cornerstones as reflected in its business model.

Research and Development

The “research and development” activity is divided into 5 separate phases:

- 1. Discovery:** PharmaNutra Group possesses the ability to create new technologies and therapeutic solutions such as Sucrosomial Minerals (iron, magnesium and others) and CFAs (cetylated fatty acids), which constitute truly unique products protected against copying by proprietary international patents.
- 2. Synthesis of proprietary raw materials (active ingredients):** the technique used to make the proprietary active principles is also an invention and property of the Group, which constantly runs functional evaluations to improve the techniques and ingredients used to make the active principles.
- 3. Basic research:** the validation of therapeutic solutions starts with laboratory testing run in collaboration with leading Pharmacy and Biology faculties (Barcelona, Modena, Pisa) and research institutes (New York Blood Center and QIMR Berghofer, among others) on cell cultures, rat organ sections and mice, in compliance with the strictest ethical and health standards, and applying internationally recognised Good Laboratory Practice (GLP). These studies enable (i) comparison of the Group’s solutions with competing solutions, (ii) comparative evaluation of improvements to formulations, (iii) understanding of the metabolic pathways which exercise the nutritional/therapeutic action, and (iv) preliminary efficacy prior to evaluation in human clinical trials.
- 4. Clinical Trials:** as 'non-drugs', clinical trials on patients are run both preliminarily on new products, where necessary, and on products already on the market. In all cases, they are always run at leading university or private hospitals.
- 5. Quality Control:** the analytical and organoleptic verification of the quality of (i) the ingredients constituting the proprietary raw materials and (ii) the finished products intended for the consumer, is run by accredited and certified laboratories according to stringent procedures compliant with international standards. Following a method typical of the pharmaceutical industry, all batches on the market are subjected to “after-sales” checks up to their expiry date. The use of accredited analytical laboratories includes testing the chemical and microbiological stability of all new formulations (often customised to comply with local regulatory requirements) before they are placed on the market, in order to define a shelf life (expiry date) certified by defined analytical protocols.

Procurement of raw materials

With Alesco, the Group directly handles the procurement of raw materials from carefully selected distributors, applying high quality standards and stringent technical requirements to guarantee the highest product quality via quantitative analyses (search for metals and non-metals), as well as microbiological and organoleptic analyses.

Production

The Group's products are entirely produced by nine Italian pharmaceutical factories selected following in-depth auditing by the quality control department, aimed at ensuring the highest quality standards verified by periodic analytical controls (quantitative, microbiological and allergen analyses) that are repeated before the product is released onto the market.

It should also be noted that the Group is currently building its new headquarters. This includes construction of a production plant to make the Sucrosomial® Minerals, the main components of the finished products, from 2023. The new plant has been designed to satisfy the highest standards of technology, **functionality and energy efficiency**, and represents a concrete commitment to **sustainability**, also in view of its location at the gates of the San Rossore natural park. It will occupy an area of 5,200 m², with 2,200 m² for production, 1,600 m² for the management offices and around 1,500 m² for complementary services, with **more than 10,000 m² of outdoor areas**.



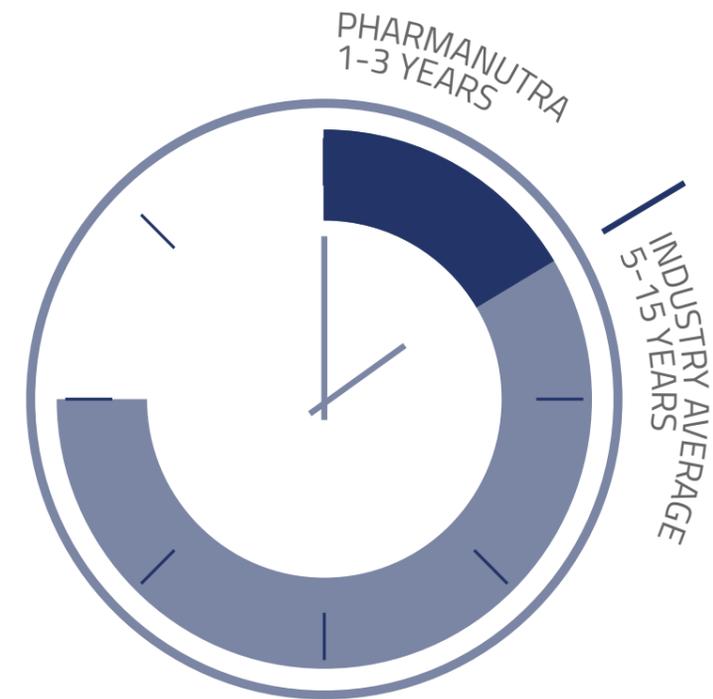
The investment is designed to embody the values of Industry 4.0, with a focus on landscaping, comfort and energy efficiency, and a view to both environmental sustainability (through the reuse of the existing building, the cultivation of endemic plants and the use of materials with a low environmental impact) and social sustainability (valorising human capital with innovative areas for psychophysical wellness).



Logistics

Supplies to retailers in the Italian market (in particular pharmacies and wholesalers) are handled by one of the leading providers of pharmaceutical logistics services in Italy, which is particularly attentive to environmental issues and is ISO 14001 certified. All packaging, adhesive tape, box-filling materials, and even most of the pallets are green, recycled and 100% recyclable.

Our competitive advantage



Discovery of new substances

Development of pharmaceutical formulations

Evaluation of effectiveness

Patent coverage

Marketing

Communications

Medical detailing activities

Distribution and sales

1.1.5 Our products, our brands and their purpose

The Group researches, designs, develops and markets innovative nutritional supplements and medical devices.

PharmaNutra specialises in the development of nutritional supplements and medical devices. Among these, the most relevant are those based on Sucrosomial Iron®, consisting of the SiderAL® product line, products for restoring joint capacity and movement in osteoarticular disorders, the Cetilar® line, and SUCROSOMIAL MINERALS®, nutritional supplements based on Sucrosomial Minerals®, vitamins and amino acids, designed for daily well-being and support for the body's immune system.

SiderAL® line



SIDERAL® INTERNATIONAL LINE



CETILAR® LINE



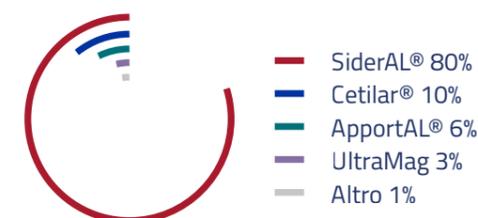
SUCROSOMIAL MINERALS®



OTHER PROPRIETARY PRODUCTS



F.P. REVENUES PER PRODUCT LINE



F.P. REVENUES PER PRODUCT LINE € / 1,000	2021	2020	Δ%	INCIDENCE	
				2021	2020
SiderAL®	52,584	43,602	20.6%	79.9%	80.6%
Cetilar®	6,556	5,511	19.0%	10.0%	10.2%
ApportAL®	3,885	2,390	62.5%	5.9%	4.4%
UltraMag®	863	558	54.7%	1.3%	1.0%
Other	1,928	2,043	-5.6%	2.9%	3.8%
Total	65,816	54,104	21.7%	100%	100%

Junia Pharma produces and markets pharmaceuticals, medical devices, OTC and nutraceutical products for the paediatric sector.

SiderAL® line



SiderAL® INTERNATIONAL line



LACTOZEPAM® LINE



DOLOMIR® LINE



OTHER PROPRIETARY PRODUCTS



PRESCRIPTION PRODUCTS



EXCLUSIVELY LICENSED PRODUCTS



Alesco produces and distributes raw materials and active ingredients for the food, pharmaceutical and food supplement industries.

Proprietary raw materials (active ingredients)



OTHER TECHNOLOGIES



Raw materials under exclusive licence for Italy



1.1.6 Our vision and mission

PharmaNutra's Mission is **to make a difference** by putting science at the disposal of nutrition to act before people need it.

We believe that the essential and indispensable tool for achieving this objective is the **curiosity** that drives our desire for information, study, listening and knowledge, so that we can understand the evolution of society and constantly monitor the healthcare environment.

Our objectives:



Curing through education in health: PharmaNutra works to ensure that people do not get sick - a project that goes beyond prevention to include culture and food awareness



Healing by keeping people well: **we enhance natural elements** with our technology so that nutritional supplements can be more effective and free of contraindications



Healing by making people stronger: we know the human organism and we know that the first step to safeguarding its health is to equip it with **strong and effective natural defences**

What are we to do?



Making people more aware of the value of what they consume in their food, and the importance of a **healthy lifestyle**



Implementing a new **proprietary laboratory for simulating** digestion and absorption to support researchers and experts



Applying our know-how and technologies to **new trace elements** to enhance their natural effectiveness



Initiating **new study and research programmes** so that local talents have a future in science, sport and everyday life



"Always look ahead, never compromise, never stop to celebrate achievements, always take on new challenges".

1.1.7 A business that creates value: the Group's impacts

PharmaNutra's corporate governance system has as its primary objective the responsible and sustainable creation of shareholder value, without losing sight of the social relevance of the business and all stakeholders.

With a CAGR of around 16% over the last five years, the PharmaNutra Group is a growing and strongly future-oriented company.

The following tables show the main economic and financial figures for the years 2021 and 2020.

ECONOMIC DATA €/1,000	2021	%	2020	%	VARIATIONS
Revenues	68,836	100.0%	58,680	100.0%	17.3%
Revenues from sales	68,114	99.0%	56,449	96.2%	20.7%
EBIDTA	20,080	29.2%	16,021*	27.8%	25.3%
Net result	13,771	20.0%	14,072	24.0%	-2.1%
EPS - Earnings per share (Euro)	1.42		1.45		-2.0%

* Net of non-recurring items

ASSETS €/1,000	2021	2020	VARIATIONS
Net invested capital	17,018	18,371	(1,353)
NFP (positive cash flow)	28,064	19,359	8,705
Net shareholders' equity	(45,082)	(37,730)	7,352

ECONOMIC VALUE GENERATED	UNITS OF MEASUREMENT	2021	2020
Value of production	€/1,000	68,836	57,631
Revenue from equity investments	€/1,000	29	-
Other financial revenue	€/1,000	130	146
Extraordinary revenue	€/1,000	-	1,049
TOTAL		68,995	58,826

Extraordinary revenue in the financial year 2020 relates to a contractual indemnity accrued following the non-renewal of a distribution contract. In 2021 and 2020, the Group obtained tax credits and tax concessions in the amounts shown in the table below:

€/1,000	2021	2020
Tax concessions and tax credits	760	5,305
TOTAL	760	5,305

The 2021 tax credits include € 258,000 due to the tax credit for research and development activities, € 457,000 due to the tax credit obtained pursuant to Article 1 L. 27/12/2017 no. 205 on costs incurred for the transition to the Euronext STAR Milan market, and € 45,000 due to the tax credit for sponsorships.

In 2020, the tax benefit related to the exclusion from the taxable income of each year of part of the income deriving from the use of so-called "intellectual property" (Patent Box) for the years 2016 to 2020 was accounted for, following the conclusion of the relevant agreement with the Revenue Agency, the tax credit for R&D activities for € 200,000 and the benefit related to the cancellation of the first IRAP (trade income tax) advance provided for by the National Relaunch Decree for € 254,000.

DISTRIBUTED ECONOMIC VALUE €/1,000	2021	2020
Value distributed to suppliers of goods and services	(35,484)	(30,910)
Value distributed to employees	(4,288)	(3,712)
Value distributed to the sales network	(7,922)	(7,096)
Value distributed to capital providers	(6,527)	(4,515)
Value distributed to public authorities	(5,084)	736
Value distributed to the community	(1,016)	(1,429)
TOTAL	(60,321)	(46,926)

The change in the Value Distributed to public authorities is attributable to the tax benefit conceded in 2020, amounting to euro 4.8 million less payable taxes, following the formalisation of the ruling with the Revenue Agency relating to the Patent Box concession for the years 2016-2020.

ECONOMIC VALUE RETAINED €/1,000	2021	2020
Wealth retained by the Group (generated economic generated - economic value distributed)	15,160	16,410

1.2 Our approach to sustainability

1.2.1 Our stakeholders and salient issues

The PharmaNutra Group maintains active dialogue with our main internal and external stakeholders, to listen to them and understand their expectations in order to actively contribute to the company's sustainable development goals and to the long-term creation of value. Starting from its awareness of its role and activities, the Group has identified its stakeholders so as to identify their expectations and define actions in response to their interests, aiming to satisfy the demands of the market and consumers.

PharmaNutra constantly engages its stakeholders, primarily in the person of its scientific representatives, shares brochures and prospectuses. Another fundamental role is played by the trade fairs and congresses at which the Group participates, which enable it to disseminate its values and come into direct contact with its stakeholders.

STAKEHOLDERS	FORMS OF ENGAGEMENT
 SUPPLIERS	<ul style="list-style-type: none"> ▪ Regular progress and alignment meetings between suppliers and business units ▪ Code of Ethics ▪ Trade fairs and congresses ▪ Training for Pharmaceutical Sales Representatives ▪ Orders platform
 CLIENTS	<ul style="list-style-type: none"> ▪ Internet channels ▪ Social Media ▪ Trade fairs and congresses ▪ Scientific training for foreign distributors
 EMPLOYEES AND COLLABORATORS	<ul style="list-style-type: none"> ▪ Regular internal staff meetings ▪ Annual performance reviews ▪ Ongoing education ▪ Corporate events
 SHAREHOLDERS AND THE FINANCIAL COMMUNITY	<ul style="list-style-type: none"> ▪ Board Meetings ▪ Periodic (quarterly) and annual management reports ▪ Press releases ▪ Internet site ▪ Periodic meetings
 LOCAL COMMUNITIES	<ul style="list-style-type: none"> ▪ Continuous dialogue of partnerships with civil society and charitable organisations regarding cultural and sports initiatives ▪ Initiatives in favour of the territory and the community
 SCIENTIFIC COMMUNITY AND UNIVERSITY	<ul style="list-style-type: none"> ▪ Trade fairs and congresses ▪ University projects and sponsored Master's courses
 FACILITIES AND HEALTH WORKERS	<ul style="list-style-type: none"> ▪ Dialogue with health professionals and the scientific and academic community ▪ Press releases ▪ Internet site ▪ Trade fairs and congresses ▪ Medical partnerships

PharmaNutra also considers it essential to be part of the business community of its sector and territory: this is why it is an associate member of Farmindustria, Union Foods and Unione Industriali di Pisa.

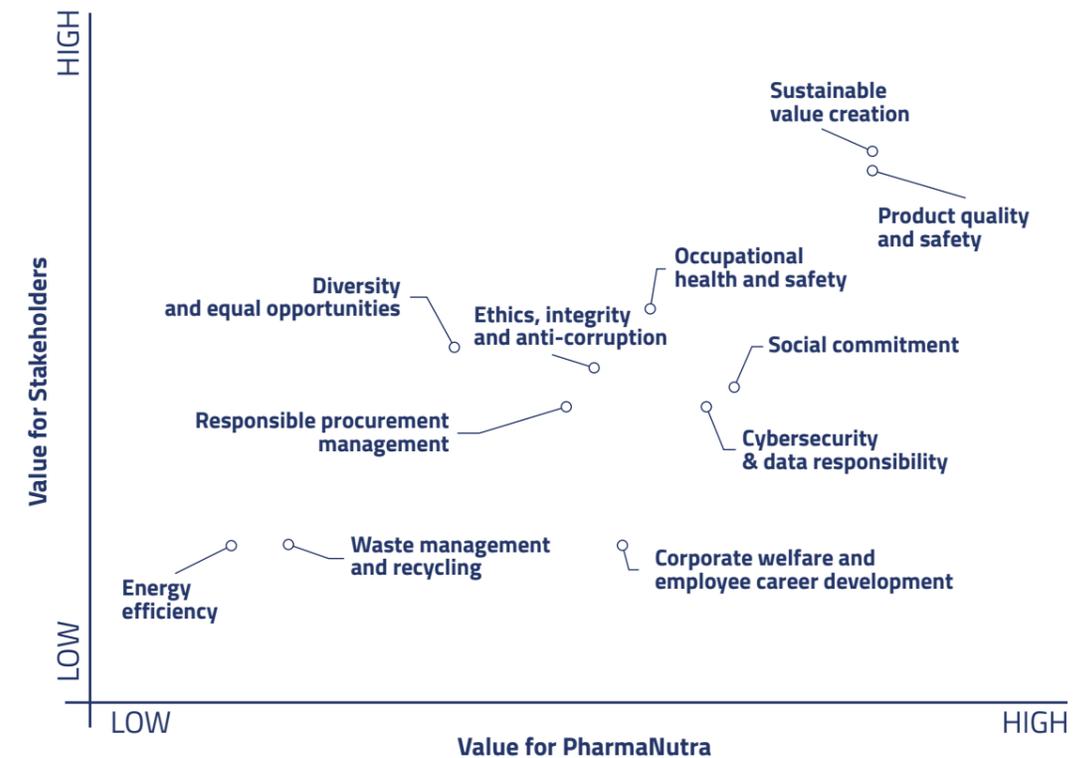


In order to identify the most salient non-financial issues, the Group has carried out a materiality analysis, and set a threshold beyond which an issue acquires such relevance that it must be reported.

The PharmaNutra Group's materiality analysis was run in accordance with the requirements of the GRI (Global Reporting Initiative Standards). By analysing internal and external factors, it was able to identify a list of material topics with significant impact on the economic, social and environmental performance of the Company, and influence on the assessments and decisions of the stakeholders.

The main material issues were identified in interviews with top management and the heads of the various corporate functions. Participants in the survey were asked to rate the proposed topics in order of importance, both from an internal point of view ("Relevance for PharmaNutra") and from the point of view of external stakeholders ("Relevance for Stakeholders"), and assigning them a score from 1 to 5.

By sorting the material topics on the basis of their score, it was possible to construct a graph of the average relevance attributed to the topics. The result is the "materiality matrix", which shows the order of priority assigned by management along the y-axis and the order of priority expressed by all stakeholders along the x-axis.



RELEVANT TOPICS IDENTIFIED	
Cybersecurity & data responsibility	The protection and responsible handling of corporate data is a prerequisite for safeguarding the interests of stakeholders and maintaining the trust placed in us every day.
Corporate welfare and employee career development	The beating heart of the Group is its people. That is why we are committed to creating prospects for personal and professional growth, striving to meet the needs of our employees and developing individual capabilities through continuous learning.
Diversity and equal opportunity	The Group is committed to giving everyone the same opportunities for professional development, maintaining an appropriate level of gender representation in the corporate population, and prioritising respect for equal opportunities, fair treatment, and diversity.
Occupational health and safety	The Group guarantees a safe and welcoming workplace for all, prioritising prevention in the field of occupational health and safety as one of the company's main responsibilities. Constant efforts were made in this area throughout the pandemic that continued into 2021.
Product quality and safety	The Group aims to make safe and effective products available to the community. To this end, research and development, in which the Group is an industry leader, is a strategic and fundamental commitment.
Sustainable value creation	The PharmaNutra Group is committed to achieve results that satisfy its investors and the needs of all stakeholders, and to create value for the community in which it operates.
Waste management and recycling	The Group aims to reduce the environmental impact of its operations in its production workshops, research laboratory and the new headquarters construction site.
Energy efficiency	The PharmaNutra Group pays attention to energy resources by constantly monitoring its consumption, with the aim of improving the energy efficiency of all its activities.
Ethics, integrity and anti-corruption	The Group considers integrity to be a founding value of its leadership. For this reason, it ensures and enforces compliance, with a view to fairness and transparency towards its shareholders and stakeholders.
Responsible procurement management	In order to ensure a procurement policy which reduces waste and guarantees respect for human dignity, the Group is committed to formalise agreements that require respect for human value and the principles contained in its Code of Ethics, with a view to responsible procurement.

The 10 topics identified in the materiality analysis were grouped into 6 macro-areas in order to identify the areas most impacted by each such topic:

- Governance
- People
- Product quality and innovation
- Local communities
- Suppliers
- Environment

This analysis will enable the Group to prioritise and continually evolve its approach to sustainability, focusing on the most impactful areas, and to effectively track areas for emerging challenges and opportunities.

1.2.2 Our contribution to the United Nations Sustainable Development Goals

In line with its vision and mission, the PharmaNutra Group has joined the 2030 Agenda for Sustainable Development (the "Agenda"), to determine how the company can more directly contribute to the Sustainable Development Goals (SDGs). The Agenda, ratified by 193 member states at the UN summit in September 2015, identifies 17 Sustainable Development Goals (SDGs), divided into 169 targets, which have global validity and chart a path of accountability and collaboration to address current challenges.

The 17 goals of the Agenda refer to a set of important themes for sustainable development that take into account all three dimensions - economic, social and ecological - and involve all countries and societies, from private enterprise to the public sector, aiming to end poverty, combat inequality, tackle climate change and build societies that respect human rights.

We list below the material issues identified by the PharmaNutra Group as being associated with the SDGs, which demonstrate the contribution that Group companies can make towards achieving the SDGs.



ZERO HUNGER

More than 2 billion people in the world are affected by micronutrient deficiencies, i.e. a lack of the vitamins and minerals required for the body's growth and development. The problem is widespread in both poor and developed countries, so much so that combating micronutrient deficiency is officially one of the goals of the 2030 Agenda for Sustainable Development (goal #2: Zero hunger). In particular, iron deficiency is estimated to affect more people than any other disease in the world, with major implications for public health and economic development.

In 2021, company brought SiderAL® Med to market, the first Sucrosomial Iron®-based Food for Special Medical Purposes (AFMS) from the SiderAL® range, indicated for the treatment of nutritional deficits in bariatric patients or those subject to severe malabsorption. SiderAL® Med is a complete formulation containing vitamins, sucrosomial minerals, copper and algal calcium, with enhanced dosages for special nutritional needs. It is specially formulated for persons who, due to chronic disease, have gastro-intestinal malabsorption problems, as well as for patients undergoing bariatric surgery who, in most cases, are subject to severe nutritional deficiencies both before and during the postoperative course. SiderAL® Med assures an adequate energy intake, high adherence to therapy thanks to its excellent tolerability and palatability, and does not interfere with the absorption of other nutrients.



QUALITY EDUCATION

PharmaNutra Group is committed to investing in the education and training of its staff and those who show interest in the nutraceutical sector, through collaborations with local and national universities, support for publishing projects, and schools.



GENDER EQUALITY

The Group has always sought to promote diversity, eliminate gender discrimination and support equal opportunities (50% of our managers are female), as demonstrated by the high female presence in the Group, which is higher than the male presence (67% of employees). This is why it will continue in its commitment to gender equality, equal opportunities and professional growth, in an ethical and discrimination-free environment.



AFFORDABLE AND CLEAN ENERGY - INDUSTRY, INNOVATION AND INFRASTRUCTURE

The construction of the new headquarters, scheduled for completion in 2023, will enable the Group to implement a more energy-efficient model.

In order to reduce its impact on the environment and to support the transition to a green economy, PharmaNutra will become increasingly responsible and active in the use of renewable sources.

The idea behind the project was to transfer, develop and equip the new headquarters with its own 'ethical imprinting', reflecting the company's philosophy, in a perfect combination of flexibility, efficiency, research, innovation and quality.



SUSTAINABLE CITIES AND COMMUNITIES

The Group will continue to devote great attention to local projects, continuing to sponsor sports and cultural events in all their forms and manifestations. Through its constant support for sports events and activities, PharmaNutra promotes sociality, the local area and care for the environment.

Moreover, the construction of the new Headquarters is a major investment (around 22 million euros) in the development of the Pisa area, rehabilitating a degraded site and redeveloping the area, with knock-on effects for the economy, employment and the community.

02

Governance, ethics
and integrity

2.1 Approach, strategy

PharmaNutra Group, listed on the Euronext Star Milan market since December 2020, has adopted a governance structure aligned with national and international best practices and complies with the principles set forth in the Self-Regulatory Code of Listed Companies promoted by the Corporate Governance Committee.

2.1.1 Governance



PharmaNutra wholly owns Junia Pharma and Alesco. Over the years, the Group has strengthened its governance structure, a sign of reliability and transparency towards its stakeholders, by adopting the following organisational elements:

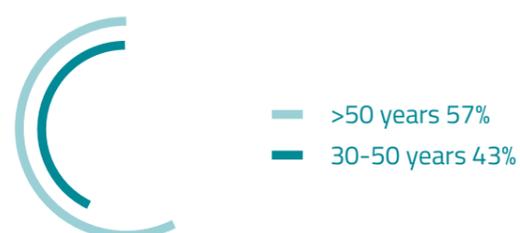
- Corporate governance structure reflecting the principles of Borsa Italiana's Corporate Governance Code
- Code of Ethics containing the principles and values on which the management of the company is founded
- Organisational, management and control model pursuant to Italian Legislative Decree 231/2001
- Systems certified according to international ISO standards for controlling sensitive processes and operations for the proper functioning of the organisation

The PharmaNutra Group has adopted a traditional organisational model, consisting of the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The Group is governed by the **Board of Directors**, which holds all powers of ordinary and extraordinary administration and management of the company, and is currently composed of seven members, four executive directors and three independent directors, appointed in 2020 to hold office until the approval of the 2022 financial statements.

MEMBERS OF THE BOARD



AGE RANGE



The Board of Directors is divided into 71% men and 29% women, with the average age of the directors almost equally distributed between the 30-50 and 50-plus age brackets. The members of the Board of Directors in office until 31 December 2021 are characterised by a mix of professional and personal skills ranging from scientific to economic, legal and management know-how, with international experience in the business sectors in which the PharmaNutra Group operates.

PharmaNutra's Board of Directors met 9 times in 2021 (14 times in 2020), mainly to approve the financial statements (quarterly, half-yearly and annual), approve the Group's budget and business plan, and to approve additions to procedures and model 231. In 2020, several meetings dealt with resolutions concerning the translisting to the Euronext STAR market in Milan, which took place on 15 December 2020.

The Board of Directors has set up three internal committees with proposal and advisory functions: the **Remuneration and Appointments Committee**, the **Control and Risk Committee**, and the **Committee for Transactions with Related Parties**, consisting solely of independent, non-executive directors. The roles, composition and functioning of the various committees are defined by specific regulations that implement the principles set out in Borsa Italiana's Corporate Governance Code.

The Group has also appointed a **Lead Independent Director** in the person of one of the independent directors from the Board of Directors, who works with the Chairman of the Board of Directors to ensure the proper functioning of corporate governance, that information flows to the directors in a complete and timely manner as recommended by the Corporate Governance Code, and to coordinate, in collaboration with the CEO, the activities of the non-executive and independent directors.

From time to time, the Board of Directors, directly or through its delegated bodies, reports on its own actions and on any transactions conducted by the Company and its subsidiaries to the **Board of Statutory Auditors**. As a supervisory and controlling body, the latter implements control over the administration of the Company and ensures compliance with the provision of the Civil Code.

As of 31 December 2021, the Board of Statutory Auditors was composed of five auditors, three regular auditors and two alternates, all of whom were over 50 years of age.

The **Supervisory Body (SB)**, established pursuant to Italian Legislative Decree 231/2001, has the task of annually auditing the adequacy and application of the Organisational, Management and Control Model of the PharmaNutra Group, in relation to the company's organisation and its effective capacity to prevent the commission of offences. As of 31 December 2021, the Supervisory Body had three members:

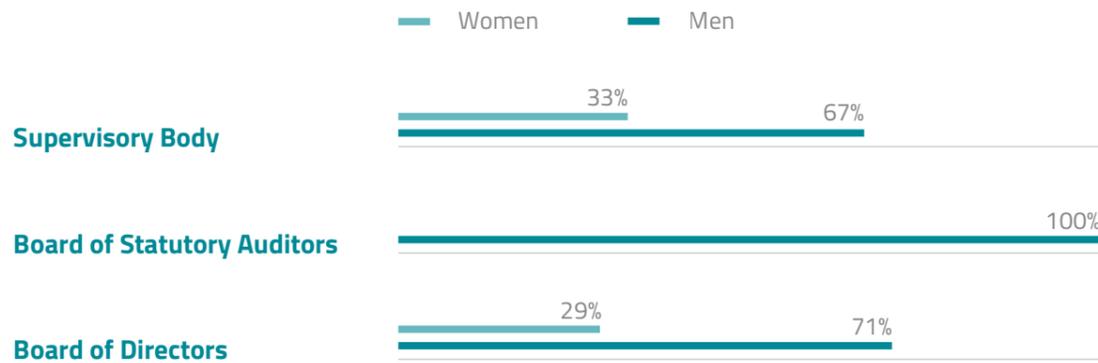
During 2021, the PharmaNutra Group's Supervisory Body met on 12 occasions (7 in 2020).

Finally, the control functions are implemented by Internal Audits on the basis of a control plan approved by the Risk Committee and the Board of Directors to verify that the mitigation measures identified for the management of each risk defined as relevant are effective and efficient.

The accounts are audited by auditing firm BDO, which is registered in the special register kept by the Consob.

The following table shows the breakdown by gender of the persons belonging to the corporate bodies described above in 2021.

	MEN	WOMEN	TOTAL
Board of Directors	5	2	7
Board of Statutory Auditors	5	0	5
Supervisory Body	2	1	3
TOTAL	12	3	15



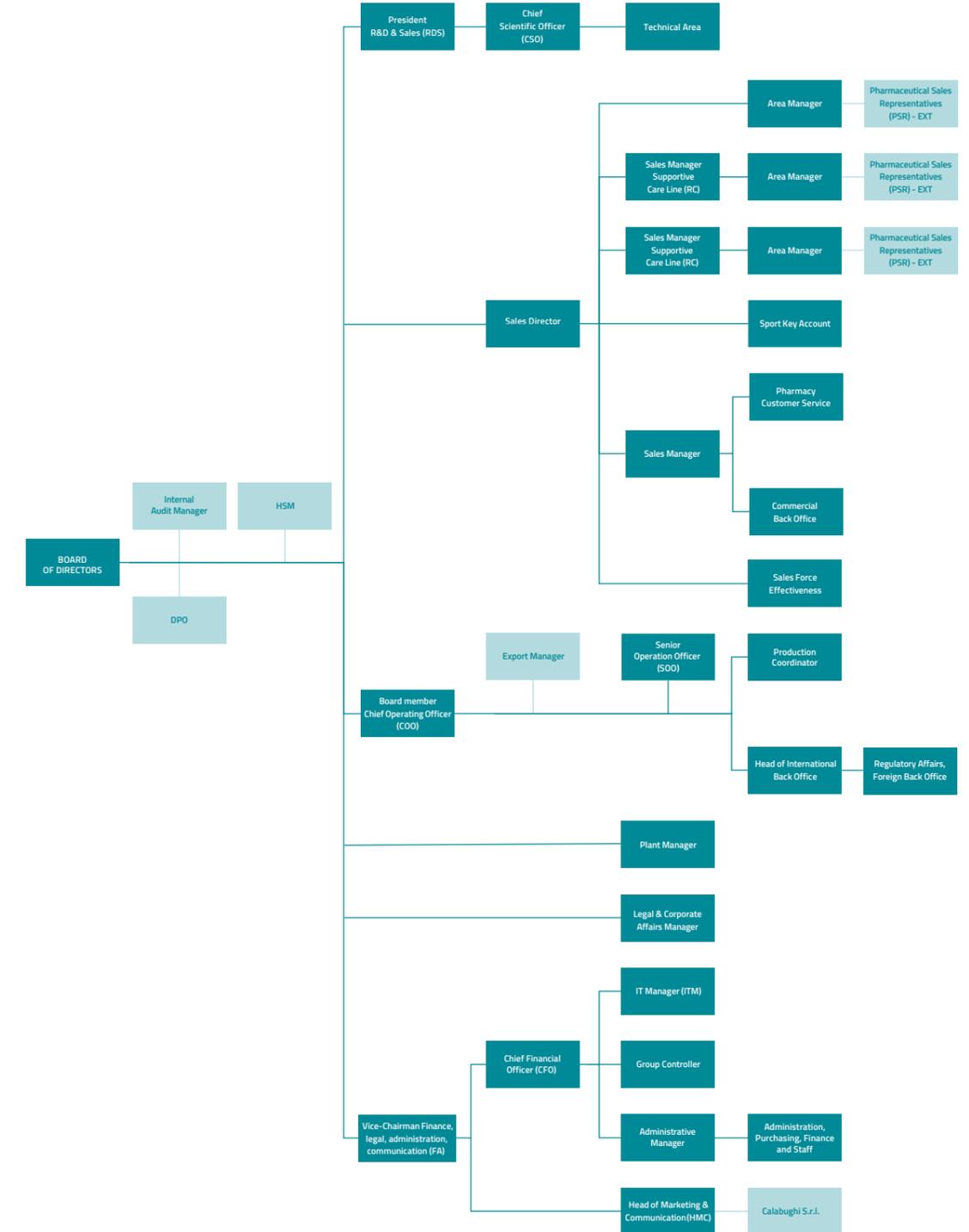
In particular, as of 31 December 2021, 80% of the members of the PharmaNutra Group's main governing bodies are men, while the remaining 20% are women. It should be noted that on 27 April 2022, the Group appointed two female auditors in compliance with the gender balance requirements of Article 148, paragraph 1-bis, of the Italian Consolidated Law on Financial Intermediation.

Company organisational chart

The organisational structure of the PharmaNutra Group is divided into four main areas, each headed by an executive director:

- Research and development, supervised by the President and coordinated by the Scientific Director
- Sales, production and logistics, supervised by the COO and co-ordinated for the Italian market by the Sales Director

- Administration, Finance and Control, supervised by the Vice President and coordinated by the Director of Administration, Finance and Control (CFO)
- Marketing and Communications, supervised by the Vice President and coordinated by the Marketing Manager



2.1.2 The Organisational, Management and Control Model

In 2019, PharmaNutra adopted the Organisational, Management and Control Model (pursuant to Italian Legislative Decree 231/01), approved by the Board of Directors, and updated periodically (last update January 2022).

The Model, thanks to its set of protocols, enables the application of a complete and effective control system within the Group, aimed at regulating and defining the corporate structure and the management of its sensitive processes, thus reducing the risk of commission of criminal offences, if correctly applied.

In order for the Model to be developed and adopted effectively, the PharmaNutra Group has:

- Run a risk assessment to identify and analyse the risk of offences being committed in the various company activities (both established and developing);
- Implemented specific procedures to manage risk, preventing the commission of offences in areas where the risk of crime is highest.
- Defined the management structure for the prevention of offences, ethical principles, resources (human, economic, informational), responsibilities and information flows, thus enabling the application and updating of prevention procedures and the detection, over time, of the emergence of new areas of risk.

The effectiveness of Model 231 is ensured by the control activities of the Supervisory Body, which monitors the proper functioning of the Model, supported by the Internal Audit Department, takes care of its updating, and works in compliance with its Articles of Association.

Model 231 traditionally consists of a general part, which sets out the guidelines for the conduct of company operations, as well as the procedures for the setting up and functioning of the Supervisory Body and the system of sanctions. There is also a special section where the control protocols for "sensitive" corporate activities are illustrated, including procedures for the precise regulation of some of them.

All the Organisational Models adopted by the PharmaNutra Group provide for specific channels for reporting anomalies and violations committed by employees, along with regular training for staff in the content of the Models and the reference standards.

2.1.3 Anti-Corruption

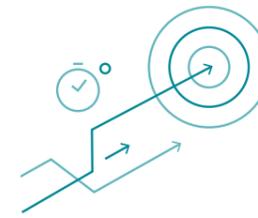
PharmaNutra Group manages its anti-corruption efforts via its Organisational, Management and Control Model, which includes the Code of Ethics adopted by the company in 2019 and last updated on 31 January 2022.

In line with the Code of Ethics, the Model provides specific rules for the prevention of corruption and the management of risks that may arise in the course of the company's operations.

In order to ensure compliance with the Code of Ethics, the company ensures its dissemination not only to its employees, but also to its suppliers, distributors and any other party deemed appropriate.

No proven incidents of corruption were recorded in the 2020-2021 period, which demonstrates the Group's continued efforts in this area.

The Group, with a view to continuous improvement, as part of the project of updating the Model 231/2001, has set itself the objective of adopting an anti-corruption procedure, aimed at guaranteeing the ethical performance of the company's activities, and protecting the creation of value for the Group and its stakeholders and the fundamental values on which PharmaNutra's activities are based.



OUR COMMITMENT

In early 2022, the Group set up a protected whistleblowing channel for its employees and third parties to anonymously report any attempted, actual or suspected incidents of corruption. The adoption of such rules protects and safeguards the reporting subject.

2.1.4 Cyber security and data responsibility

PharmaNutra accounts for legitimate concerns about the risks associated with the processing and integrity of the personal data of all its stakeholders, and has therefore adopted a Privacy Policy pursuant to Article 13 of the EU Regulation 2016/679 and applicable national data protection legislation.

The Group's data management follows specific standards of accountability and confidentiality, using a protective IT infrastructure to ensure the integrity of data throughout its life cycle, and to prevent the accidental or intentional modification, falsification or deletion of such data.

The Group's employees, especially those working in the field of clinical trials and responsible for large amounts of data, receive on-going training on the importance of data integrity and privacy.

During 2021, as in the previous financial year, there were no security incidents/data breaches, such as to pose a risk to the rights and freedoms of the data subjects in question, no inspections or audits were carried out by the Privacy Guarantor or other competent privacy authorities, and no complaints were lodged with the Privacy Guarantor against the PharmaNutra Group pursuant to Article 77 of the GDPR.



The PharmaNutra Group works to continuously improve its privacy governance with guidelines for the business on the application of privacy requirements for specific activities, particularly in the processing of health data.

2.2 Our management systems and certifications

As an operator in the health and wellness sector, the quality of the PharmaNutra Group's products and business processes is a key value, to which the Group pays special attention via its structured Quality Control system, which regulates its activities at every level.

The PharmaNutra Group's Quality Assurance system is based on three fundamental principles:

INNOVATION: The protection of intellectual property, patents and raw materials is key to the PharmaNutra Group's uniqueness.

SCIENTIFIC RIGOUR: Cutting-edge studies and clinical research constantly guide the Group in its development of new products and solutions.

SPEED OF DEVELOPMENT: Flexible, interdisciplinary resources drive development in a constantly changing world.

PharmaNutra is certified to **SA8000:2014** and **UNI EN ISO 9001:2015**. In addition, in 2020, the Cetilar® Crema, Cetilar® Patch and ApportAL® products were certified as meeting the requirements of **Play Sure Doping Free** regulations.

PharmaNutra first obtained **ISO 9001 certification** for its quality management system in 2007, followed by Junia Pharma in 2012 and Alesco in 2018. In 2018, all three Group companies were certified to ISO 9001:2015, maintaining ISO standards for the development and production of supplements and medical devices in compliance with the requirements of a management system.

The Group's wishes to demonstrate its ability to regularly supply products that satisfy both its clients' requirements and applicable mandatory requirements. In addition, our companies strive to continuously increase customer satisfaction by effectively applying the system, as well as to promote a process-oriented approach and risk-based thinking:

- Ensuring the availability of the necessary resources for the Quality Management System also via the continuous professional development of staff to ensure competence, awareness and the knowledge required for the functioning of the processes.
- Ensuring the continuity of product supply to clients, and that agreed quality and legal requirements are met.
- Selecting qualified service providers to maintain high standards of quality.

- Monitoring internal economic/financial and trade aspects, also in relation to the national and global economic environment.
- Defining quality indicators to assess the performance of business processes and implement plans, which are periodically reviewed and redefined.

PharmaNutra and Junia Pharma are certified, on a voluntary basis, to the **SA8000** standard as regards the implementation of a Corporate Quality System and Corporate Social Responsibility (quality in the workplace). PharmaNutra and Junia Pharma wish to align their corporate objectives with their ethical principles, aware that social responsibility is an added value for organisational development.

The adoption of the principles contained in the SA8000 standard:

- Encourages accountability to stakeholders, both internal and external, in a transparent manner, relating to issues such as working conditions, safety and staff remuneration; promotes a participative business management model, which encourages dialogue between company leadership and staff;
- Fosters a collaborative climate within the organisation;
- Supports communication between the company and its external stakeholders with a view to transparency.

The distinctive elements of SA 8000 certification are:

- Avoiding and discouraging child labour
- Avoiding and discouraging forced and compulsory labour
- Monitoring and safeguarding occupational health and safety
- Guaranteeing freedom of association and the right to collective bargaining
- Avoiding and discouraging discriminatory practices
- Monitoring the correct and fair application of disciplinary practices
- Ensuring working hours in line with current regulations
- Ensuring that remuneration is in line with current contracts and regulations
- Promoting the organisation and growth of the company's Management System

With its management system, the Group is committed to respecting human rights and labour laws and regulations, monitoring social performance, and promoting occupational health and safety.

FARMINDUSTRIA certification



Integrated with Quality Management Systems like ISO 9001:2015 or SA8000 (Social Accountability), the PharmaNutra Group holds Farmindustria Certification, thus ensuring compliance with the requirements bearing on the specific scientific information activities of pharmaceutical companies.

For PharmaNutra and the companies of the Group, possession of this certification makes them stand out in the nutraceutical industry, improves the credibility of their commitments, thanks to the controls run by the independent third party body, and is a tool for communication and transparency of the quality of service towards all stakeholders.

PLAY SURE DOPING FREE certification



The products in the Cetilar® line received **Play Sure Doping Free** certification in 2020. Granted by the **No Doping Life** association, in technical collaboration with Bureau Veritas Italia, the Play Sure Doping Free label certifies products as free of potentially doping substances, and therefore particularly suitable for people practising sport at any level.

Doping in sport is regulated internationally by the World Anti Doping Agency (WADA), which annually issues lists of substances that must not be taken by athletes competing in international competitions. In the light of this list, pharmaceutical manufacturers are obliged to display a warning on their product packaging if there is a 'prohibited' substance among the constituent elements of the drug in question (graphically represented by a crossed red circle with the word Doping in black).

Doping free certification was established to avoid taking doping supplements and any other kind of doping products, as a first concrete attempt to ensure the precise formulation of food and nutritional products in general, so as to offer correct information not only to sportspeople but to all consumers in general who want to avoid taking prohibited substances. The certification was created with the twofold aim of valorising companies that are committed to promoting action against doping substances in relation to their consumers, while also promoting the control of production processes in an ethical manner. The benefits of the certification for the PharmaNutra Group are manifold, and are reflected throughout the supply chain: for all other parties involved in the production of the supplement or food product, it represents an improvement in their corporate image, since it demonstrates their sensitivity and attention to the needs of the consumer. For the client, it represents a guarantee of quality with respect to what is declared on the label.

03

People

3.1 Approach and policies

For PharmaNutra Group, human capital is a strategic asset with a decisive impact on the entire value chain, leveraging people, skills and passion to enable us to face increasingly competitive markets.

The people working within the organisation are a key stakeholder that the Group is committed to protecting, engaging and developing with a view to dynamically promoting operations, constantly exchanging information and know-how and developing relations between Group companies.

Companies are great not only because of the effectiveness of their products, but above all because of the value of the people who make them with their daily work and sacrifices. In an environment in which effectiveness and innovation are the pillars on which the business is built, taking care of people means not only paying attention to the dynamics of work teams, but also being demanding and expecting quality, professionalism and commitment. We believe in talent, but even more so in commitment and willpower, because a company is only successful when it is able to guarantee the future, security, work and value of all its employees.

3.2 PharmaNutra staff

3.2.1 People management

For the development and enhancement of its human resources, the Group aims to incentivise their professional growth and career development, in the conviction that the results achieved are closely linked to people's ability to employ their energies to achieve objectives.

The selection process is aimed at identifying resources that best match the job descriptions demanded by company's functions; the company's recruitment policy can be described as reactive, inasmuch as recruitment starts when a position becomes vacant.

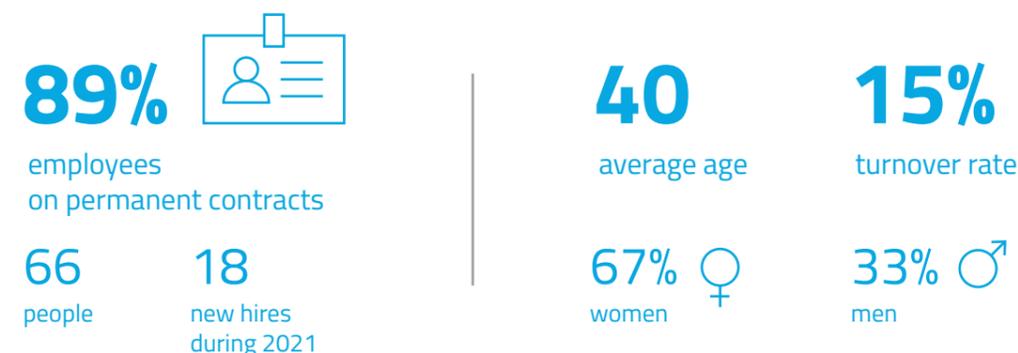
The main recruitment channel is job postings on LinkedIn, an effective way of quickly reaching young talent countrywide. At the same time, postings are also published on the main recruitment sites and on the company website.

In order to assess the skills of the candidates during the selection process, several motivational, cognitive and technical interviews are conducted, tailored to the position to be filled.

The executive directors are always interested and pleased to personally meet candidates and convey their passion and pride in being part of PharmaNutra.

As of 31 December 2021, the Group had 66 employees (up 14% over 2020), 67% women and 33% men, with an average age of 40.

The collective bargaining agreement stipulated with all Group employees is that of the Chemical and Pharmaceutical Industry.



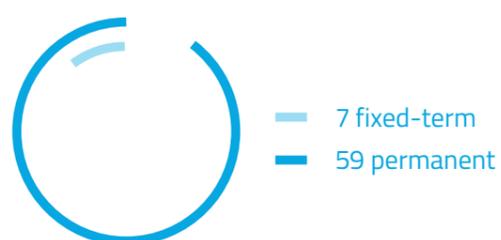
WORKFORCE BY QUALIFICATION, DIVIDED BY AGE GROUP

	UNIT	2021						2020					
		<30	%INC	30-50	%INC	>50	%INC	<30	%INC	30-50	%INC	>50	%INC
Managers	n.	0	0%	1	2%	1	13%	0	0%	1	2%	1	14%
Executives		0	0%	21	41%	3	38%	0	0%	18	38%	2	29%
Office workers		7	100%	27	53%	4	50%	4	100%	27	57%	4	57%
Production workers		0	0%	2	4%	0	0%	0	0%	1	2%	0	0%
TOTAL		7	100%	51	100%	8	100%	4	100%	47	100%	7	100%

EMPLOYEES, DIVIDED BY CONTRACT	UNIT	2021			2020		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Permanent contract	n.	22	37	59	23	32	55
Fixed-term contract		0	7	7	0	3	3
TOTAL		22	44	66	23	35	58
Contracts changed from fixed-term to permanent		1	4	5	1	3	4

The Group is committed to ensuring the continuity of employment within its companies. Eighty-nine per cent of workers are employed on permanent contracts (up 7% over 2020), while more than 93% of employees have full-time contracts. Fixed-term contracts are used as a way for the parties to get to know each other in preparation for the stipulation of a permanent contract.

CONTRACTS



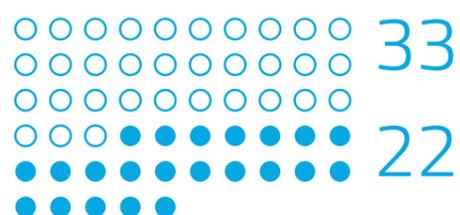
Of employees with permanent contracts, 93.2% had a full-time contract as of 31 December 2021 (up 0.5% over 31 December 2020).

PERMANENT EMPLOYEES, DIVIDED BY TYPE	UNIT	2021			2020		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full-time	n.	22	33	55	23	28	51
Part-time		0	4	4	0	4	4
TOTAL		22	37	59	23	32	55

TYPE OF CONTRACT

○ Women ● Men

Full-time



Part-time

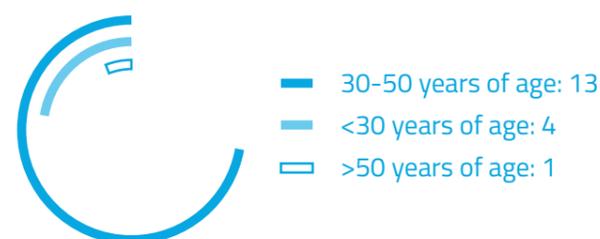


WORKFORCE (EMPLOYEES AND COLLABORATORS)	UNIT	2021			2020		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Employees	n.	22	44	66	23	35	58
Contractor staff		0	0	0	0	0	0
TOTAL		22	44	66	23	35	58

In 2021, the Group had substantially more employees than in 2020 (29% more than in 2020).

This policy is aimed at enhancing internal competencies with a view to development and growth. The significant growth of the workforce is focussed on the under 30 age group, reflecting the company's policy of investing in young talent to grow internally. Despite the recent pandemic, the results are encouraging and in line with the company's plans for the future.

EMPLOYEES HIRED BY AGE RANGE



The turnover rate decreased from 20.7 per cent to 15.2 per cent in 2020.

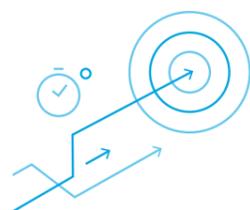
NEW HIRINGS BY AGE GROUP	UNIT	2021			2020		
		<30	30-50	>50	<30	30-50	>50
New hirings	n.	4	13	1	3	11	0

TERMINATIONS BY AGE GROUP	UNIT	2021			2020		
		<30	30-50	>50	<30	30-50	>50
Terminations	n.	1	9	0	2	9	1

NEW HIRINGS BY GENDER	UNIT	2021			2020		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
New hirings	n.	1	17	18	6	8	14

TERMINATIONS BY GENDER	UNIT	2021			2020		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Terminations	n.	2	8	10	7	5	12

All employees have the option of joining the Faschim healthcare fund, which can also be extended to family members. Employees also have the option of joining the Fonchim supplementary pension fund. As of March 2020, the "Andrà tutto bene" employee insurance policy was stipulated with an insurance company, which provides certain services and the reimbursement of certain expenses in the event of hospitalisation/post-hospital care in case of infection with the Covid 19 virus.



OUR COMMITMENT

To adopt a corporate welfare plan that meets the specific spending, personal and family needs of employees.

3.2.2 Promoting diversity and equal opportunities

PharmaNutra Group offers equal opportunities to all employees, avoiding all forms of discrimination due to gender, age, health status, nationality, and political or religious opinion. It considers inclusion a value and promotes diversity as an opportunity to improve the working climate and allow every talent to express itself.

The Group is committed to protecting diversity of gender, origin and age, and promotes actions and strategies for inclusion and the protection of diversity with the aim of guaranteeing employees equality in the workplace and equal opportunities for professional growth.

The Group makes its values known to its employees not only in its formal policies and documents, but also in its constant dialogue with stakeholders. In particular, it has set out its ethical principles and rules of conduct in relation to priority issues in its Code of Ethics.

The Group, committed to the constant pursuit of excellence, has deemed it appropriate to enshrine in this document its ethical principles and rules of conduct, with the aim of achieving full compliance with the founding values of ethical business practice, as part of a corporate culture that considers compliance with the law and the principle of legality as essential elements.

Below is the reporting required by GRI 405-2 on the ratio of women's average salary to men's average salary:

AVERAGE SALARY OF MEN AND WOMEN	2021	2020
	RATIO	RATIO
Managers	82%	79%
Executives	82%	94%
Office workers	80%	88%
Production staff (*)	51%	0%

* In 2020 there were no women

Changes in the incidence of the ratio of salaries and wages are attributable to the dynamics resulting from the turnover of employees, their classification in the trade category and seniority in the company.

AVERAGE REMUNERATION OF MEN AND WOMEN	2021	2020
	RATIO	RATIO
Managers	85%	82%
Executives	82%	87%
Office workers	77%	80%
Production staff (*)	41%	0%

3.2.3 Training and involvement of our people

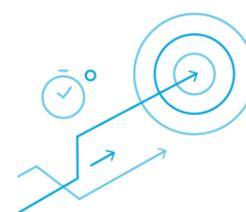
One of the Group's primary objectives, as a decisive factor in the efficient and lasting development of its operations, remains the growth, in terms of training and professional enrichment, of its human resources. The skills and knowledge acquired and the daily pursuit of excellence at work are a heritage that we intend to preserve and increase.

Training and education activities are planned, scheduled and implemented by the Group. The first day in the company for any new hire is characterised by the "on-boarding" process: the human resources department explains the company's dynamics in general terms, explicates the corporate culture, and clarifies in general terms the role they will be filling and its objectives and responsibilities.

The new hire is assigned a company "mentor" who defines and supervises their training.

The Group constantly invests in the training of its people, both with standard, cross-function courses (on topics such as occupational safety), and with specific training dedicated to the various corporate functions.

We give below the hours of training reported for 2021; note that the data for 2020 are partial as the Group did not have adequate reporting tools at that time.

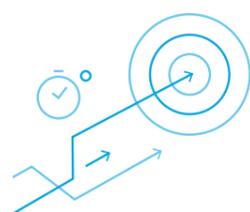


OUR COMMITMENT

With a view to continuous improvement, the Group is evaluating the adoption of tools, software and procedures capable of timely monitoring the hours of training hours completed by its employees.

HOURS OF TRAINING BY AREA OF TRAINING	UNIT	2021	2020
Managerial	hours	41	-
Safety / Technical		148	56
IT / Technology		481	21
Quality / Product		95	24
TOTAL		765	101

In particular, part of the internal courses are run by specialised external consultants, and concern refresher courses about the software used by staff in the course of their work (see the hours related to IT/Technology). The hours related to quality and product mainly concern the training of Area Managers, and consist of in-depth scientific and commercial product training and education about the clinical trials run by the Group. Managerial training in 2021 consisted in training on the organisational Model 231, while Safety/Technical training mainly consisted of mandatory safety training for employees. A contractually defined bonus system is provided for a limited number of employees. A large proportion of middle managers and executives receive bonuses, usually quarterly, based on company performance targets set by management. At the end of the year, all employees are awarded bonuses on the basis of a discretionary assessment by their department heads and management. No programmes of assistance to facilitate the continuity of the business and manage the end of employment due to retirement or termination are provided.



OUR COMMITMENT

The Group is evaluating internal procedures and policies for a system of bonuses based on the achievement of both corporate and individual targets set by each department head in agreement with the employees themselves.

3.2.4 Occupational health and safety

The Group cares about the health and safety of its employees at work, and ensures the safety of the workplace every day.

In order to ensure continuous improvement of the company's management system and to guarantee the dissemination of the importance of the fundamentals of the SA8000 standard, the Group has set up a working group called the SPT (Social Performance Team) consisting of workers' representatives, a member of the management team, and the management system manager. The SPT has the task of running risk assessments, identifying areas for improvement and reporting any measures the Group wishes to take to Management.

The adoption of the principles of SA8000 encourages accountability to stakeholders, both internal and external, with a view to transparency on issues such as working conditions, safety and staff remuneration.

In the context of the COVID-19 emergency, the Group immediately took all necessary measures to protect the health of its employees by adopting the remote work model (the so-called "smart working model") for all employees. Following the reopening, anti-contagion protocols were adopted by all Group companies as required by the public authorities, and the use of smart working continued. Health insurance policies have been taken out to protect all employees in the event of possible contagion.

In addition to the careful application of safety protocols, a number of company initiatives were proposed for further prevention and safety in the workplace. For example, during the year, serological and nasopharyngeal testing campaigns were implemented at the company's premises, thus enabling proactive handling of situations of potential risk.

All Group companies have drawn up a Safety Organigram and have set up a workplace safety system in accordance with Italian Legislative Decree 81/2008, and require scrupulous compliance to satisfy current regulations.

For all companies in the Group, the PPSM (Prevention and Protection Service Manager) and the company doctor inspect the workplace periodically and report any occupational health and safety risks to Management. Workers have the right to notify their WSR (Workers' Safety Representative) if they become aware of risks that have not been taken sufficiently seriously or since arisen, and the WSR reports to Management or the PPSM accordingly.

At the time of recruitment, employees are subjected to a fitness-for-duty examination by the company doctor, who determines the frequency of subsequent examinations accordingly. At the same time, a general and specific training course must be attended, the duration of which depends on the risks attendant on the job description.

Since May 2021, the company has joined various workplace vaccination campaigns promoted by the Industrial Union for its member companies. All employees were also offered the option of being vaccinated by the company doctor.

In April 2020, a Committee for the application and verification of the rules of the Anti-contagion Protocol was instituted for the three Group companies, with the participation of each company's WSR. PharmaNutra alone holds an annual meeting pursuant to Art. 35 of Italian Legislative Decree 81/08 (latest edition) with the participation of the Employer's Delegate and the WSR.

In order to avoid and mitigate significant adverse occupational health and safety impacts directly related to its operations, products and services, the organisation adopts all measures required by occupational safety legislation for the locations where its employees work, as well as any that may be put forward at the annual meeting.

We give below the reporting for GRI 403-9:

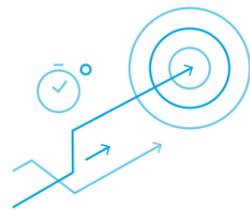
	UNIT	2021			2020		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Total hours workable by employees	hours	43,462	82,983	126,445	45,611	63,888	109,499
Total hours worked by employees		37,067	68,242	105,309	40,195	52,759	92,954
Occupational injuries*	n.	-	-	-	-	-	-
Serious occupational injuries (excluding deaths)		-	-	-	-	-	-
Days of absence due to injury		-	-	-	-	-	-
Absenteeism (injury, illness, stress)		716	666	1,382	168	774	942
Deaths		-	-	-	-	-	-
Total employees		22	44	66	23	35	58

* Including in-transit transport only when the transport is provided by the organisation.

There were no occupational injuries during the reporting period: note that the 2021 absenteeism figure for women includes 304 hours of absenteeism due to non-work-related injuries.

The 2021 absenteeism rate stands at 1.09%, compared to 0.86% in the previous year. The change is mainly attributable to the Covid-19 epidemic and the reported non-work-related injuries.

No fatalities or occupational illnesses were reported in 2020 or 2021.



OUR COMMITMENT

In order to encourage the engagement of its employees in sustainability issues, the Group is preparing a questionnaire to survey the most significant aspects.

04

Product quality and safety

4.1 Approach and policies

Our aim is to manufacture and provide consumers with safe, effective and high-quality products. Thanks to the characteristics of our products, we are the leader in the Italian market for iron-based food supplements with a market share value of 54%¹.

4.1.1 Quality and transparency of our products

The Group ensures observance of product quality and safety in all its activities, including research and development, industrialisation, procurement of raw materials and packaging materials, production, distribution and after-sales monitoring. This is assured by the adoption of the corporate Quality Policy, which demonstrates the Group's commitment to complying with applicable regulations and meeting the needs of the patient, along with the consequent adoption of a Quality Management System to maintain it.

PharmaNutra Group has its own quality management system, consisting of a Manual, Procedure and Instructions, which establish its product quality and safety requirements; it has procedures that define the activities required to monitor processes with a view to product safety, which define how complaints are handled, and preventive and corrective measures implemented. The Group has adopted a quality policy, issued by the management and known to all employees, and available to consumers via the company website, which defines the organisation's general commitment to product quality and safety; it defines product quality as a determining value for all its activities, and in fact bases the research, development, production and marketing of its products on its organisational efficiency, respect for ethical values (guaranteeing its consumers that it has implemented careful control of its production processes), and compliance with and application of established regulations in the Food Supplements and Medical and pharmaceutical Devices. The parent company has an in-house Quality Department which is responsible for maintaining the defined requisites for keeping its products qualitatively safe².

The Group is focused on process and product conformity, which entails careful and meticulous management of the various processes to minimise any problems that may arise.

In order to protect its consumer clients and to ensure that certain quality standards are maintained, a set of procedures has been drawn up to which the Group must adhere to prevent PharmaNutra and its subsidiaries from possible threats to the quality of its products².

The PharmaNutra Group has implemented a system to monitor the effectiveness of its management model and the adequacy of its management system to the actual work done by its workforce. The PharmaNutra Group, on the basis of the aforementioned

procedure, evaluates the company's processes at set intervals, and defines any changes that may be required for continuous improvement.

To date, the Group declares that it has found no non-compliance with regulations or self-regulatory codes, and that it has found no cases of defective batches or products that need to be withdrawn from the market.



4.1.2 Product innovation and development

PharmaNutra Group's Research and Development (R&D) has always been a cornerstone of its growth. This is demonstrated by the recent important implementation of the company's in-house research laboratory and the recruitment of a new researcher in addition to those already present.

The work of the R&D department is founded on continuous study and detailed knowledge of the biological, human physiological and biochemical aspects of nutrition, as well as of its medical and pharmacological aspects. Everything is driven by the objective of satisfying the needs of the market, consumers and medical professionals, and providing them with new products which address their unresolved problems.

The Group's R&D department aims to discover new formulations, implement or find new applications for existing products, and generate new scientific evidence, in order to ensure the continuing effectiveness and innovation of its products.

The Group's design, development and scientific research operations are constantly growing.

Basic research, using pre-clinical experiments (in-vitro, ex-vivo and in-vivo), has led to publications in international journals and constitute indispensable tools for the business, providing a considerable competitive advantage. In addition, research activities are run in the company's own laboratory, enabling it to run experimental research in the field of cell biology, an essential step for the screening and efficacy evaluation of all prototype formulations, which must be tested prior to industrialisation. This investment in the in-house laboratory included the purchase of innovative instruments and machinery, as well as the addition of a new researcher to the staff, thus enabling experiments to be run more efficiently.

¹ - Source: IQVIA data

² - [Procedures PR_13 Outsourced Food Integrator Production, PR_19 DM Risk Management, PR_20 NC Product Withdrawal and Recall, PR_21 Post Market Monitoring and PMCF, PR_22 NC and Claims Management, PR_25 DM Outsourced Production, I_04 Regulatory]

The activities of PharmaNutra Group's Research and Development department include **clinical trials** of its products, both preliminary for new products, and for products already on the market. Such trials are run via formal collaborative relationships with clinics, hospitals, and Italian and foreign research centres, depending on the necessary expertise and know-how, or via formal agreements with Contract Research Organisations (CROs). Such research is mainly conducted on the Group's flagship products, SiderAL® and Cetilar®, and its proprietary raw materials. For other products, trials (whether clinical or pre-clinical) are also underway in Italy and abroad, plus other clinical studies run by international partners, some of which are very innovative, some of which are expected to open up new markets, and some of which are of value in consolidating existing results and the Group's market positioning.

2021 saw the **publication in indexed international journals** of 8 studies of the Group's products. Of particular interest was the observational study on the benefits of Apportal® in reducing fatigue and asthenia in subjects infected with Covid-19. To date, the PharmaNutra Group has a total of 135 publications and preliminary data or posters about its products at accredited scientific congresses and conferences.

The Group constantly **disseminates** its results, both to the scientific community and to the sales network. For this purpose, the Group's R&D staff participate in national and international congresses as speakers and in hospital meetings and focus groups with physicians, where they show the evidence and results obtained with our products.

Also in 2021, a new product was launched, SiderAL® Med, which falls under the category of Food for Special Medical Purposes (FSMP), the first Group product classified as such. The product is indicated for patients who have undergone bariatric surgery or who have an intestinal malabsorption syndrome.

In close cooperation with the Group's Quality Control, it constantly ensures the highest quality and stability of marketed products and works on the development of new products.

During 2021, 2 applications for new patents and 2 applications for new trademarks were filed; to date, the Group owns 19 patents, 33 trademarks, and has 18 proprietary raw materials.

The Group was able to take full advantage of the tax credit envisaged in Article 3 of Italian Legislative Decree No. 145/2013, in respect of the R&D conducted by PharmaNutra and Alesco, which qualify as eligible for the credit in question. The tax credit for R&D for the year 2021 amounts to € 254,000.

In July 2021, EFSA (the European Food Safety Authority) officially announced its positive opinion for the classification of Lipocet, a new oral formulation based on Cetylated Fatty Acids (CFAs), as a Novel Food.

In August, a patent for formulations based on CFAs was granted in China, and the Indian patent office granted a process patent for the production of CFAs, both functional ingredients contained in all products of the Cetilar® line.

In addition, a patent was obtained by our subsidiary Alesco from the Italian Patent and Trademark Office for sucrosomial beberin®. The award is particularly significant for the application of Sucrosomial Technology®, since it applies beyond the scope of the minerals for which it was originally conceived, opening up interesting prospects for new scientific developments and new products.

In December 2021, the Group was granted three new patents: two to our subsidiary Alesco, by the Italian Patent and Trademark Office, and a third, to our parent company, by the Russian Federal Agency for Intellectual Property.

The first Italian patent (No. 102019000022989) is for a new functional ingredient, Sucrosomial Chromium® (UltraChrome™), a trace element that helps modulate the energy metabolism and maintain normal blood glucose levels. The application of Sucrosomial Technology® will ensure better levels of tolerance and absorption, and has applications in formulations for controlling cholesterol and glycemia.

The second patent granted to Alesco (No. 102019000023016), on the other hand, is for the production of new formulations comprising a mineral and a polysaccharide. The new formulation represents a further upgrade of our Sucrosomial Technology®, which aims to develop new solutions and technologies to amplify the absorption and tolerance of nutrients.

The Russian Federal Agency has issued a patent certificate for the production and use of Cetylated Fatty Acids (CFA), the active principle of all products of the Cetilar® line. Please note that in February 2022, the European Union authorised the release of fatty acids onto the market as Novel Food.

PharmaNutra's patented CFAs will therefore be included in the Union's list of authorised Novel Foods. The inclusion of Lipocet® in this list officially concludes the registration process, which in July 2021 had already seen the EFSA (European Food Safety Authority) announce its positive opinion for the classification of Lipocet® as a Novel Food.



CURRENT R&D PROJECTS

	2021	2020
 ALESco		
Preclinical trials	8	10
 PHARMANUTRA		
Clinical trials	7	4
New products	16	7
 JUNIAPHARMA		
Clinical trials	0	0
New products	1	1

The Group constantly invests in new R&D projects in order to grow its technical and scientific know-how.

This is a unique value and indispensable strategic asset, but also sets the foundation for building a future in which scientific progress is at the service of collective wellbeing, understood as prevention and awareness of health issues.

INNOVATION

The protection of our intellectual property, patents and raw materials is key to our uniqueness.

SCIENTIFIC RIGOUR

Our cutting-edge studies and clinical research guide us in the development of new products and solutions.

SPEED OF DEVELOPMENT

Flexible, interdisciplinary resources drive development in a constantly changing world.

05

Local communities

5.1 Approach and policies

The Group shares its expertise with communities to promote and disseminate literacy on health issues. By raising awareness of nutritional deficiencies, an area in which it has unique expertise, the PharmaNutra Group makes an effective contribution by improving health and well-being worldwide. Literacy in health issues is key to combating global inequalities and providing quality treatment for all. Aware that levels of knowledge about disease and health differ greatly between countries and communities, the Group reaches out to disproportionately affected patient groups; it is in this way that it has pioneered the development of iron-based dietary supplements and established itself as a leader in the treatment of iron deficiency. In 2021, the Group supported medical research and training with donations to the following organisations:

- Università Cattolica del Sacro Cuore - Faculty of Medicine and Surgery
- Sapienza University of Rome - Department of Urological Sciences
- Società Italiana Medicina Interna (Italian Society of Internal Medicine)
- Fondazione per la ricerca Biomedica Cardiovascolare e la terapia genica e cellulare (Foundation for Cardiovascular Biomedical Research and Gene and Cell Therapy - non-profit institution)

The PharmaNutra Group strives to be an active participant in debates on health issues. By sharing its knowledge and engaging with other stakeholders in community healthcare, it contributes to improving health literacy, while strengthening its own reputation and standing. It encourages dialogue between stakeholders and support for selected events on issues such as health economics and health systems. In 2021, the Group sponsored 2 CMEs (Continuing Medical Education).

	Unit	2021	2020
Liberality		12	51
Universities and research centres		136	114
Sponsorships	€/1,000	831	1,207
Membership contributions		37	57

The increase in the Universities and Research Centres item in 2021 over the previous year is due to the resumption of research that had slowed down in 2020 due to the Covid-19 outbreak. The reduction in the Sponsorships item derives mainly from a reduction in the contractual value of the Group's sponsorship of Parma Calcio, of which it is the main sponsor with the Cetilar® brand. PharmaNutra is also the main sponsor of Pisa Calcio. Membership Contributions reflect the cost of membership in the associations in question.

5.2 Local communities and the territory

The Group is attentive and sensitive to the needs of the community: for this reason, events and meetings were organised during the reporting year to promote and support culture and the interest of adults and children in literature.



Marianeve book (Il commissario Pelletti e i misteri di Natale - La Nazione)

This sponsorship, initiated in 2017, supports the publication of a volume of children's fairy tales, to be included as a gift with the newspaper at the beginning of December, dedicated to the memory of Marianeve, a disabled girl from Pisa who died at a young age.

This is the fifth volume in the series of short stories written by Marianeve's grandmother (Nonna Lela - Daniela Marrazzini) and published by Pacini Editore. The proceeds of the book finance the project "Marianeve's Smile", for the construction of schools in Wasserà, Bitena and MayoKoyo (with an adjoining library), and now has the objective of building a new school block and library in the village of Lalla (Dawro-Konta, Ethiopia), promoted by the Missioni Africa Onlus Group, to offer even more children an opportunity to study.

La Nazione Journalism Championships - REPORTERS IN THE CLASSROOM

The Journalism Championship with La Nazione saw a record participation of 46 classes from secondary schools in the city and province of Pisa. Each class, together with their teachers, put together an entire page of the newspaper, which was then published in La Nazione: real reports in the form of interviews, news and investigations about current affairs and the world of young people.

PharmaNutra Group also sponsored the initiative, as a testament to our belief in young people and the value of information.

Students were invited to present an innovative idea, indicating areas with the greatest need for revolutionary insights and ideas. Two elements that the PharmaNutra Group considers to be at the heart of any business, constituting its driving force.

The Group's success is based precisely on intuition and the ability to challenge oneself with one's own ideas while maintaining a proactive attitude.

Donation to the Alice Benvenuti non-profit institution

PharmaNutra annually supports the Alice Benvenuti non-profit institution, which assists cancer patients at Meyer Hospital, Florence.

It is expected that these initiatives will also be confirmed for 2022. They will be joined by the "Writers in the Village" event, which will host a number of famous authors in premises of La Nunziatina, to present their works over a series 12-14 evening events.

5.2.1 Sponsorships

PharmaNutra and sport

The PharmaNutra Group is inseparably linked to the world of sport. Both are guided by the same principles: the determination, passion and growth of the individual, but also teamwork, inclusion and, above all, objectives. With its ongoing support for sports events and activities, the Group promotes sociability, the local area and care for the environment, as well as a healthy and active lifestyle.

Support for Obiettivo3

The PharmaNutra Group is an active supporter of the Obiettivo3 project, launched by champion Alex Zanardi to recruit, start up and concretely and financially support disabled people who wish to participate in sports.

Since 2019, PharmaNutra, with one of its flagship products Cetilar®, has been supporting Obiettivo3 athletes with the purchase of new handbikes and funding for participation in sporting events, with the aim of taking these talents to the Tokyo 2021 Paralympics. After its launch in 2019, in which the project was described in depth, in 2020 Cetilar gave special support to cyclist Enrico Fabianelli. For the 2021 season, on the other hand, Cetilar® has embraced the topic of Paralympic sports with the production of ten mini-features about Obiettivo3 athletes. This is a series of video clips, each about a specific topic, which bring out the values that drive the sporting ambitions of the athletes themselves. The partnership between Obiettivo3 and Cetilar®, one of the flagship products of the Tuscan company PharmaNutra S.p.A., is now in its third season.

Support for Paralympic golfer Tommaso Perrino

The partnership between Livorno golfer Tommaso Perrino and PharmaNutra Group's Cetilar brand, which began in 2019, has continued through 2020 and 2021. It participates in the EDGA (European Disabled Golf Association) international circuit, an association that promotes golf among people with disabilities, and in other events scheduled in Italy. Tommaso Perrino faced a new season on the greens, once again supported by Cetilar®, the characteristics of which made it the Livorno golfer's main ally.

Pisa Sporting Club 1909 - Parma Calcio 1913

The charity event organised by the two football clubs (Parma Calcio 1913 and Pisa Sporting Club 1909) together with its Main Sponsor, Cetilar®, saw the sale of four jerseys worn by the captains of the two teams and by two players who particularly distinguished themselves during the 2021-2022 season, characterised by two special patches inside them.

The proceeds from the sale of the jerseys, managed by the Parma Museum Onlus association, went entirely to the orthopaedic clinic - Traumatology department of Parma's hospital Ospedale Maggiore, and to the maternity and children's department of the Hospital of Pisa.

This initiative confirms the attention of Cetilar, and of PharmaNutra Group as a whole, to the needs of their local hospitals.

Paralympic fencing

The PharmaNutra Group, together with the Tuscany Regional Government, the Municipality of Pisa, the University of Pisa and the Fondazione Pisa, supported the Italian leg of the Paralympic Fencing World Cup, an event held for the sixth time in Pisa, organised by the Italian Fencing Federation at the CUS Pisa sports grounds.

Cetilar Academy project

Cetilar Academy is a new project by means of which PharmaNutra supports the athletic, professional and human growth of future athletes in amateur clubs of excellence, including the motorsport talents of the Kart Republic team and the young footballers of Parma club U.S. Arsenal.

5.2.2 Universities and research centres

PharmaNutra Group is the main partner of the Master's course in Marketing Management at the University of Pisa for the academic year 2021-2022. The Group engaged the students of the 15th Master's course in developing a marketing project; the students acted as consultants for PharmaNutra, tackling real business problems and needs through application work, teamwork and smart working.

The partnership with the Master's course in Marketing Management at the University of Pisa confirms the strong link between the PharmaNutra Group and the University of Pisa, and brought the students into contact with our reality, giving them a valuable opportunity to work in research: in general, the partnership between the Master's course and the Group is an opportunity to enhance skills and abilities on both sides, the University and local businesses³.

During 2020 and 2021 together with other companies from a variety of industries, the Group participated in WORK PROJECT as part of the Marketing and Web Technologies course of the University of Pisa's Department of Management Engineering.

The project consisted in the development of marketing materials for use in the launch of a new PharmaNutra brand product.

The Group's participation in such projects aims not only to test the students on the topics they have studied during their coursework, but also to enable them to apply their knowledge to concrete problems in the world of business, thus enabling them to understand and master the strategic decision-making processes which underlie entrepreneurial activities.

The winning team was awarded the "Best Marketing Project" prize.

Scientific collaborations with universities and leading academic institutions have always been key to the company's growth. On the one hand, they have enabled PharmaNutra to become increasingly aware of the quality and importance of its research and to acquire expertise by exchanging knowledge with experts in the field. On the other, our active collaboration with research centres outside the company is an important testament to the scientific value of the Group's operations.

The research institutes and universities with which we collaborate also include:



5.3 PharmaNutra's commitment during the Covid-19 emergency

In 2020, the Group had to comply with the restrictive measures enacted by national governments in response to the COVID-19 (Coronavirus) pandemic, which included the adoption by all Group companies of anti-contagion protocols as demanded by the new regulations.

The Group immediately took all necessary measures to protect the health of its employees by adopting the remote work model (the so-called "smart working model") for all employees. Health insurance policies have been taken out to protect all employees in the event of possible contagion.

The Group did not make use of any of the social shock absorbers made available by the authorities in response to the Covid-19 emergency.

In the first months of the pandemic, our products SiderAL® H (a Sucrosomial Iron®-based nutritional supplement) and ApportAL® (a nutritional supplement which employs Sucrosomial Minerals®, Amino Acids and Vitamins to support immune system function) were made available, totally free of charge, to the intensive care units of all hospitals that requested them, in order to contribute, however minimally, to improving the critical situation of the Italian healthcare system.

Cetilar Run 2020 Following the cancellation of the event, organised in collaboration with CUS Parma, PharmaNutra made a donation to the coronavirus emergency fund through the Fondazione Munus ⁴.

151 Miglia - The Cetilar Trophy

Following the cancellation of the 151 Miglia of the Cetilar Trophy 2020, organised by a committee composed of the Yacht Club Repubblica Marinara di Pisa, Yacht Club Punta Ala and Yacht Club Livorno, in collaboration of the Port of Pisa, Marina di Punta Ala and partner PharmaNutra with its Cetilar® brand, the company decided to **donate 50% of paid up entries**, as well as unpaid entries, amounting to some € 25,000 in all, to the Civil Protection Department in its work during the COVID-19 emergency.

As part of the calendar of the 151 Miglia 2021, the 15.1 Run was organised, a fun run held in the pinewoods of Marina di Pisa. All proceeds from the event were donated to the non-profit organisation Associazione Per Donare La Vita.

⁴ - <https://cusparma.it/2020/04/25/cetilar-run-rinviata-la-corsa/>

06

Suppliers and sales network

6.1 Approach and policies

The supply chain is the ecosystem of companies and entities within which the PharmaNutra Group works with suppliers in purchasing goods and services. The Group's adoption of the principles of corporate social responsibility enables the company to make decisions that are economically, socially and environmentally sound, with a view to generating a positive impact on the community.

The PharmaNutra Group strives constantly to ensure that our suppliers and partners observe standards of conduct consistent with our own. These include compliance with laws, regulations and international human rights agreements, and the provision of decent working conditions as demanded by international labour standards.

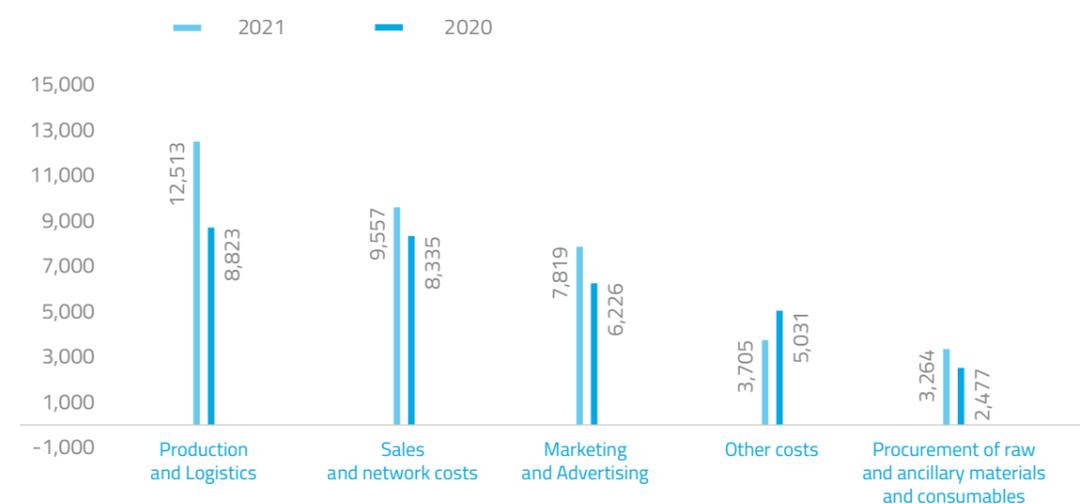
The Group's suppliers can be divided into production and logistics suppliers, and service providers; the former include the production workshops and the supplier tasked with storing and distributing finished products and assays.

Service providers mainly include Pharmaceutical Sales Representatives, and suppliers of marketing and advertising services.

COSTS*	2021	2020	VARIATION
Production and Logistics	12,513	8,823	3,690
Marketing and Advertising	7,819	6,226	1,593
Research and Development	379	637	-258
Procurement of raw and ancillary materials and consumables	3,264	2,477	787
Sales and the sales network	9,557	8,335	1,222
Other	3,326	4,394	-1,068
TOTAL	36,858	30,892	5,966

* It should be noted that research and development costs reflect the costs incurred in collaborations with external entities, while the cost of employees working in research and development is included under human resources costs.

COSTS

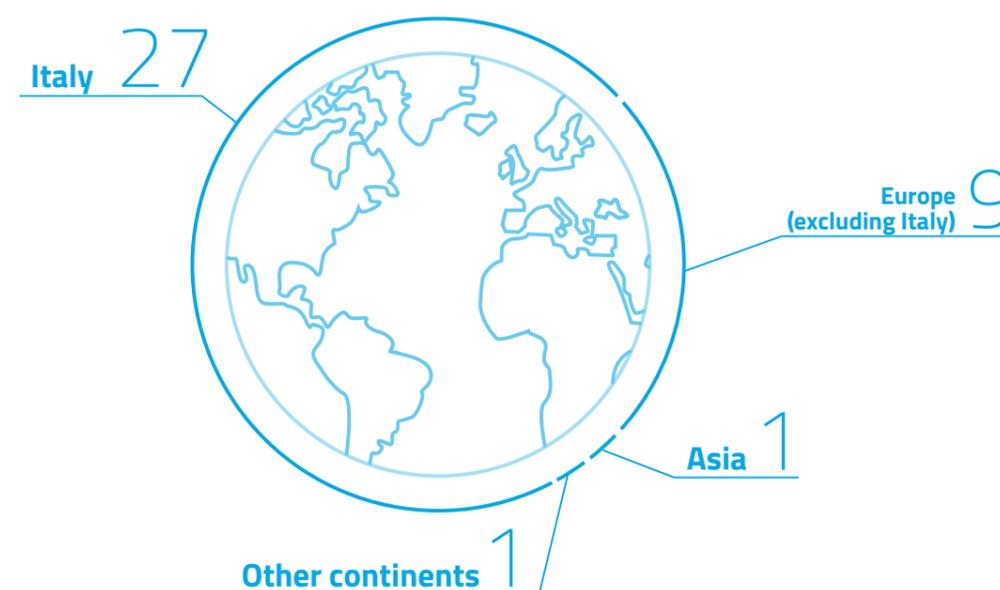


The main item is production and logistics, amounting to € 12,513,000 in 2021, which includes the production workshops and the sole supplier to which the Group entrusts the Italian distribution of its products, and which registered an increase of 41.82% over 2020 as a result of the higher revenues realised by the Group.

The Group uses exclusively Italian production facilities. The following table shows their geographical distribution across Italy.

PRODUCTION WORKSHOPS BY REGION

REGION	% INC. 2021	% INC. 2020
Friuli Venezia Giulia	71%	68%
Lombardy	23%	29%
Piedmont	7%	4%
TOTAL	100%	100%



As far as production suppliers are concerned, 71% of the Group's suppliers are Italian (a percentage that has remained unchanged over the reporting years), 24% European and the remainder located on other continents.

Equally important for the Group is the role played by the sales network, which consists for the most part of the sales representatives on whom the PharmaNutra Group relies, and which grew by 14.66% over 2020.

6.2 The supply chain

6.2.1 Managing supplies and our production workshops

The Group's suppliers are selected for specific characteristics that reflect the Group's quality standards. In particular, for raw materials (RMs), a sample is requested and analysed at the third party laboratory.

The documentation required for the certification of a new supplier includes proof of compliance with mandatory requirements and voluntary certifications attesting to the quality of their business processes. The final judgement on the quality of the supplier is only made after auditing by the PharmaNutra Group.



Following a positive assessment, the supplier is placed on the list of qualified suppliers and monitored annually using four evaluation parameters:

- Production volume (volume of product handled)
- Percentage of non-conforming lots
- Punctuality in delivery
- Proactivity in the management of corrective actions

In addition, during supplier qualification, evidence about occupational health and safety is acquired, with reference to the SA8000 voluntary standard.

The audited suppliers are assessed annually to ensure that they maintain the Group's high quality standards. Observations, possible points of improvement and non-conformities are monitored and reviewed again at the next scheduled audit. In 2021 and 2020, all production sites successfully passed their audits.



100%

of our supplier contracts include a **human rights** clause

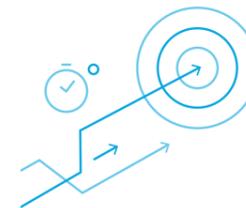
At present, production is done entirely in Italy by a limited number of pharmaceutical workshops, which handle the entire production process. Said workshops all satisfy environmental sustainability requirements.

Starting in 2023, the Group will internalise part of its production at its new headquarters (currently under construction).

The following table shows the types of certifications held by production workshops in absolute values and as percentages of all certifications.

CERTIFIED SUPPLIERS	Unit	2021	% INC 2021*	2020	% INC 2020*
ISO 9001 certification	n.	22	57.9%	22	57.9%
ISO 14001 certification		13	34.2%	13	34.2%
EMAS certification		1	2.6%	1	2.6%
Other (FSSC22000 / 13485)		11	28.9%	11	28.9%
TOTAL		47	100%	47	100%

* The percentages were calculated as the ratio of each certification to the total number of suppliers in the year in question (38 in both 2021 and 2020)



OUR COMMITMENT

The PharmaNutra Group will increase its contribution to the sustainability efforts of the majority of our suppliers. It will do so by making specific requests to its partners and by favouring the more sustainable use of materials.

In particular, in order to obtain more information, including certifications, consumptions, emissions and the waste produced by suppliers on the Group's behalf, it is drawing up special questionnaires.

6.2.2 Other Suppliers

The category “other suppliers” includes Pharmaceutical Sales Representatives, who are a strategic stakeholder/supplier, together with the production plants, as they represent the direct distribution channel for PharmaNutra and Junia Pharma. The work done by the Pharmaceutical Sales Representatives for the Group also plays an important role in disseminating scientific information to the medical profession, which is why the Group carefully selects candidate profiles and provides periodic refresher courses for the representatives themselves.

As described above, the sales network is organised into three dedicated sales lines, Primary Care, Supportive Care and Junia Pharma, each headed up by a manager who reports directly to the Sales Management office.

There are 167 Pharmaceutical Sales Representatives in the country, who work exclusively for the Group and are the real driving force of the company.



Flexibility and responsiveness

Features that enable the integration of remote information and sales tools, thus structuring a new sales system capable of satisfying the changing needs of the market.



Ongoing education

Professional growth is ensured by a system of ongoing professional development and monitoring of performance and scientific knowledge.



Competitive time to market

Guaranteed by our rigorous scientific research, high standards of quality and proprietary technologies.

The process of selecting Pharmaceutical Sales Representatives involves the Sales Department defining the job description and the area that they will cover.

The same recruitment channels are used as for normal staff recruitment (LinkedIn, recruitment sites).

New Pharmaceutical Sales Representatives are trained in a number of stages, starting with delivery of the scientific and commercial material for training, and continues in periodic in-person or remote sessions, with final examinations.

The Group has invested around 3,300 hours of training in the year 2021 to ensure that the sales network is constantly updated, informed, and able to provide effective and in-depth medical and scientific product information.

The understanding of their scientific training is verified with an online tool, whereby new Pharmaceutical Sales Representatives take a multiple-choice test on their smartphones. In addition to training for newcomers, refresher meetings for the entire sales network are held quarterly. These meetings cover topics identified by the scientific and sales departments, and on some occasions the Pharmaceutical Sales Representatives are tested about their scientific competency.

In the years 2020-2021, this in-depth activity was not discontinued, but was rather replaced by equivalent on-line events.

07



Environment

7.1 Approach and policies

The fight against climate change is one of the major global challenges of recent years. Every company, large or small, can engage and contribute to this global challenge in its own way.

2021, in particular, showcased the effects of climate change to the public at the authoritative and eagerly awaited UN Climate Change Conference, COP 26.

Our commitment to social responsibility and the territory has long been an integral part of our principles and the conduct of the Group's companies, which are geared towards maintaining high levels of safety, environmental protection and energy efficiency, as well as training, growing awareness and engaging our staff in social responsibility issues. It should be noted that in the current financial year, as in the past, no damage to the environment was reported for which any Group company was found to be definitively liable.

Although we have not yet implemented a specific environmental policy, the Group is committed to reducing the impact of our activities by outlining a management approach that sets out the environmentally relevant issues.

7.2 Reducing environmental impacts

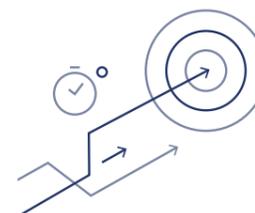
7.2.1 Energy

For the PharmaNutra Group, as it does not currently have any production plants or logistics warehouses, our energy consumption is accounted for exclusively by our head offices and the emissions of our fleet of vehicles.

We give below the reporting for GRI 302-1:

	Unit	2021	2020
DIRECT ENERGY CONSUMPTION (OFFICES AND PREMISES)			
Natural gas (interior heating)	GJ	227	183
INDIRECT ENERGY CONSUMPTION (COMPANY CARS)			
Petrol	GJ	128	97
Diesel		1,912	1,232
TOTAL direct energy consumption		2,267	1,512
	Unit	2021	2020
INDIRECT ENERGY CONSUMPTION			
Electricity	GJ	338.43	313.18

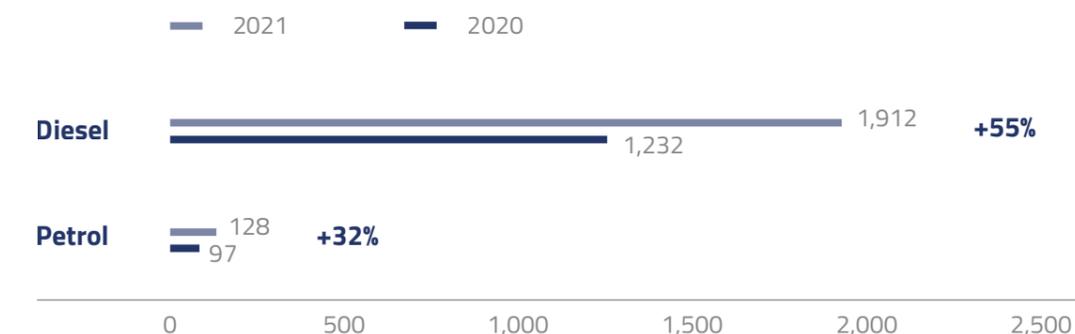
The above figures show a slight increase in the direct energy consumption of PharmaNutra's offices (+24% over 2020), which is partly due to the remote work regime during the Covid emergency in 2020.



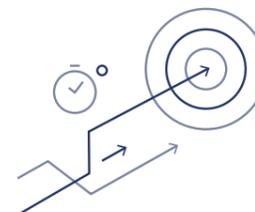
OUR COMMITMENT

At the moment, the Group has no renewable sources of energy, but the Group is committed to installing photovoltaic and energy efficiency systems in the new Headquarters, such as high-efficiency air-conditioning with heat recovery, air handling systems with heat recovery, and a free-cooling system and roof rainwater recovery system for use in irrigation.

ENERGY CONSUMPTION OF COMPANY CARS



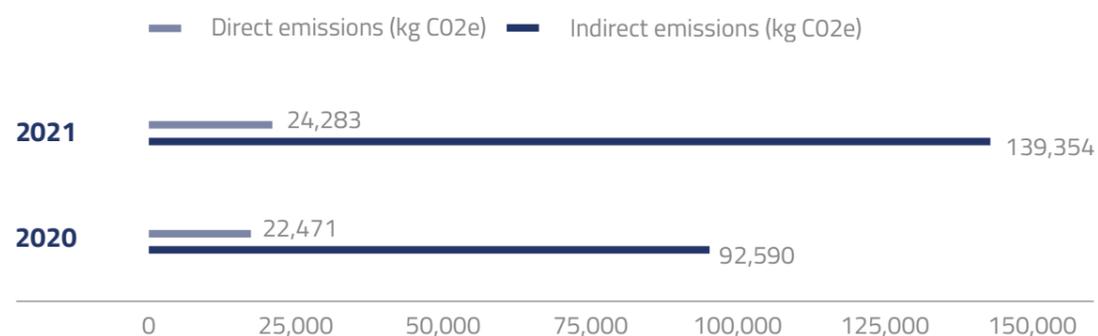
In 2021, the phasing out of the restrictions enacted in response to the pandemic enabled our Area Managers to resume their visits to hospitals and pharmacies. This restart is reflected in an increase in the consumption of diesel (+55% over 2020).



OUR COMMITMENT

PharmaNutra is implementing an in-house software system to track the emissions of its company car fleet in an increasingly timely manner

The Group's CO2e emissions reflect direct and indirect energy consumption, resulting from the conversion of consumption data using conversion factors.



In the 2020-2021 reporting years, the Group received no sanctions and was not subject to litigation concerning environmental issues.

7.2.2 Waste Management

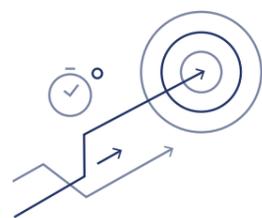
As the Group currently has no production facilities and outsources its production, it does not generate waste directly from production.

The waste generated by the **production workshops** to which PharmaNutra Group entrusts the production of its products, is subject to specific certified and standardised procedures, which include the identification of methods, timing and responsibilities in waste management. Each workshop follows its own "Supplier Qualification" SOPs for the selection of waste transport and disposal contractors. The companies entrusted with the transport, disposal and recovery of production waste must be legally authorised to do so, and would otherwise be denied access to the production sites.

The production workshops classify their waste as municipal and special waste, coded according to the current European List of Wastes (LoW/EWC). The assignment of waste codes is a prerequisite for classification as hazardous and non-hazardous.

Bins of various types are available inside the company (workshop), in the production departments, QC laboratory, offices, etc., and identified with appropriate signs bearing the name, the LoW code and any necessary hazard signs.

All waste processing operations are tracked in loading and unloading registers, one for each production site, by the persons in charge (such as Quality Assurance or the waste transport contractor). Records are made within 10 working days of the production and disposal of the waste, and kept for at least 5 years by Quality Assurance.



OUR COMMITMENT

The Group will consider implementing a more accurate reporting system concerning the generation of waste, emissions and consumption at our contractors' workshops on our behalf.

Waste generated by the organisation's activities to date is exclusively due to internal quality controls run on finished products (PharmaNutra and Junia Pharma) and on samples of raw materials and semi-finished products (Alesco)

This is non-hazardous waste, and is mainly generated by the disposal of archive counter samples sent to us by our contract workshops.

Alesco's R&D laboratory, on the other hand, produces potentially infectious waste, acidic and basic solutions, solvents, saline solutions, PPE, gloves, glassware, tips and pipettes, due to its research and development of new raw materials and semi-finished Alesco products.

The disposal of such waste is handled externally, by a contractor registered with the Tuscany Regional Register of Environmental Managers

The PharmaNutra Group therefore keeps and files the forms issued by the company for each such disposal job.

Prior to its collection and disposal by the contractor, the waste is classified by EWC code and hazardousness. Inside the laboratory, all waste is sorted in dedicated paved areas, and placed in temporary storage bins prior to being transported and recovered/disposed of by the contractor.

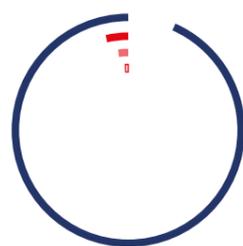
Only when a certain amount has been accumulated does the contractor collect and dispose of the waste, so that the reported data refers only to waste that has reached the amount required for disposal

The waste is then stored and shipped by the contractor in a sorted manner according to type and destination.

According to the forms issued by the waste management contractor, the waste produced by the organisation falls into the following main categories:

CATEGORIES OF WASTE		UNIT	2021			2020		
EWC CODE	DESCRIPTION		GENERATED WASTE	RECOVERED WASTE	DISPOSED WASTE	GENERATED WASTE	RECOVERED WASTE	DISPOSED WASTE
180109	Non-hazardous	t	0.705	-	0.705	0.196	-	0.196
180202/02	Potentially infected solid waste		0.028	-	0.028	-	-	-
180103	Potentially infected liquid waste		0.015	-	0.015	-	-	-
160506/04	Acidic solutions		-	-	-	-	-	-
160506/04	Basic solutions		-	-	-	-	-	-
160506/04	Solvents		-	-	-	-	-	-
160506/04	Saline solutions		-	-	-	-	-	-
150202	PPE, gloves		-	-	-	-	-	-
160506/02	Glassware, tips, pipettes		0.005	-	0.005	-	-	-
TOTAL				0.753	0	0.753	0.196	0

LABORATORY WASTE



- Non-hazardous 93.63%
- Potentially infected solid waste 3.72%
- Potentially infected solid waste 1.99%
- Glassware, tips, pipettes 0.66%

0.753 tons of waste were generated in 2021, of which approximately 94% fell into the category of "non-hazardous waste", which is totally intended for disposal, and mostly covers expired supplements from Junia Pharma and PharmaNutra and waste material from the Alesco Laboratory.

As far as hazardous waste is concerned, this too is disposed of in its entirety and comprises 3.72% solids, about 2% liquids, with the remainder made of laboratory material such as glassware, tips and pipettes.

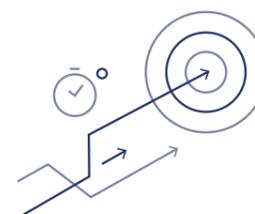
The difference between the two years of reporting is due to the gradual increase in research operations following the completion of the small laboratory.

In August 2021, work began on the construction of the **new headquarters**, which initially involved the clearance and demolition of existing structures. This led to the production of waste that the construction company entrusted to specialised waste disposal and recovery contractors.

CATEGORIES OF WASTE			2021		
EWC CODE	DESCRIPTION	UNIT	GRAND TOTAL	RECOVERY	DISPOSAL
150106	Mixed material packaging		6.84	3.00	-
160214	Discarded equipment other than those mentioned in EWC 16 02 09 to 16 02 13		3.58	1.50	-
161002	Aqueous liquid wastes other than those mentioned in 16 10 01		2.00	-	2.00
170101	Cement		28.80	28.80	-
170201	Wood		1.40	1.40	-
170202	Glass		2.92	2.92	-
170405	Iron and steel		10.05	10.05	-
170407	Mixed metals		2.25	2.25	-
170802	Plasterboard		7.36	7.36	-
170802	Gypsum-based construction materials other than those mentioned in 17 08 01	t	0.22	0.22	-
170904	Demolition and construction waste		229.76	229.76	-
170904	Mixed construction and demolition wastes other than those mentioned in 17 09 01, 17 09 02 and 17		8,694.34	8,694.34	-
TOTAL NON-HAZARDOUS			8,989.52	8,981.60	2.00
200121	Fluorescent tubes and other mercury-containing waste		0.07	0.07	-
170603*	Other insulation materials containing or consisting of hazardous substances		2.61	-	2.61
170605*	Construction material containing asbestos		28.47	-	28.47
TOTAL HAZARDOUS			31.15	0.07	31.08
GRAND TOTAL			9,020.67	8,981.67	33.08

The table shows the main waste produced; about 99% is non-hazardous waste consisting of mixed construction and demolition waste.

Almost all of the waste produced was recovered, representing a concrete commitment to sustainability on the part of the PharmaNutra Group.



OUR COMMITMENT

The Group is taking steps to equip itself with tools for reporting on the emissions and waste that the construction and implementation of the new headquarters will entail in the short, medium and long term

This document represents the first Sustainability Report for the PharmaNutra Group, consisting of PharmaNutra S.p.A., Junia Pharma S.r.l. and Alesco S.r.l., and demonstrates the Company's commitment to and focus on the integration of sustainability issues within its business.

In this regard, it should be noted that this document is drawn up on a voluntary basis, since the company is exempt from the mandatory reporting of the Non-Financial Declaration pursuant to Italian Legislative Decree 254/2016.

The Sustainability Report, approved on 05/09/22 by PharmaNutra's Board of Directors and subject to limited audit by KPMG S.p.A., is prepared in accordance with the GRI Standards, according to an "In accordance - Core" level of application. The GRI Standards, published by the Global Reporting Initiative (GRI) in 2016, are now the most internationally recognised and widely used non-financial reporting standard. More specifically, the Report refers to the GRI Standards indicated in the table "GRI Content Index" (see Annex) where, for each relevant ("material") aspect, reference is given to the page of the Report or other corporate document containing the information in question.

This document deals with and explores material (relevant) issues for PharmaNutra, i.e. issues that can reflect the economic, social and environmental impacts of the Group's activities and/or influence the decisions of its stakeholders. This reflects the pivotal element of the GRI Standards, the principle of materiality, which is detailed in the "Materiality Analysis" section of this Report.

The information in the Report relates to the PharmaNutra Group and the reporting period is financial year 2021, i.e. the calendar year from 1 January 2021 to 31 December 2021. In order to facilitate the comparison of quantitative data for the various subject areas, numerical values for the year 2020 have also been reported.

Finally, it should be noted that this Report aims to transparently communicate the Group's corporate performance in relation to ESG (Environmental, Social & Governance) aspects, and represents a first step towards reporting non-financial information on an annual basis.

For further information about this Document or to share comments and observations, please write to:

esg@PharmaNutra.it

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the sustainability report

To the board of directors of Pharmanutra S.p.A.

We have been engaged to perform a limited assurance engagement on the 2021 Sustainability report (the "sustainability report") of the Pharmanutra Group (the "group").

Directors' responsibility for the sustainability report

The directors of Pharmanutra S.p.A. (the "parent") are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards", issued by GRI - Global Reporting Initiative, using the "in accordance - core" option (the "GRI Standards"), as described in the "Methodological remarks" section of the sustainability report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the group's objectives regarding its sustainability performance, the reporting of the achieved results and the identification of the stakeholders and the significant aspects to report.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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Pharmanutra Group
Independent auditors' report on the sustainability report
31 December 2021

Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

- analysing the reporting of material aspects process, specifically how these aspects are identified and prioritised for each stakeholder category and how the process outcome is validated internally;
- analysing the stakeholder involvement process, in terms of methods used, by reading the minutes of the meetings or any other information available about the salient features identified;
- comparing the financial disclosures presented in the "A business that creates value: the Group's impacts" section of the sustainability report with those included in the group's consolidated financial statements at 31 December 2021;
- understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report. Specifically, we carried out:
 - interviews and discussions with the group's personnel to gather information on the IT, accounting and reporting systems used in preparing the sustainability report and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;
 - sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the existence and adequacy of processes and



Pharmanutra Group
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31 December 2021

that the internal controls correctly manage data and information in relation to the objectives described in the sustainability report;

- analysing the compliance and overall consistency of the qualitative information included in the sustainability report with the guidelines referred to herein in the "Directors' responsibility for the sustainability report" paragraph hereof;
- obtaining the representation letter signed by the parent's legal representative about the sustainability report's compliance with the guidelines set out in the "Directors' responsibility for the sustainability report" paragraph hereof and the reliability and completeness of the information and data included therein.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 Sustainability report of the Pharmanutra Group has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards, as described in the "Methodological remarks" section of the sustainability report.

Florence, 6 September 2022

KPMG S.p.A.

(signed on the original)

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